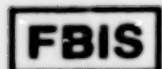


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5 MAY 1986

## **Southeast Asia Report**



**FOREIGN BROADCAST INFORMATION SERVICE**

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5 MAY 1986

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COMMENTARY VIEWS NONALIGNED REACTION TO U.S. STRIKE ON LIBYA

BK161322 Jakarta Domestic Service in Indonesian 1200 GMT 16 Apr 86

[Station commentary]

[Text] The U.S. air strike on Libya on Tuesday morning has prompted the foreign ministers of nonaligned countries to hold their meeting in New Delhi 1 day earlier. The meeting, preceded by an earlier meeting of their senior officials since Monday, was originally scheduled for today, but was opened yesterday due to the U.S. air strike.

In his inaugural address, Indian Prime Minister Rajiv Gandhi, in his capacity of chairman of the Nonaligned Movement, expressed regret over the U.S. air strike and called on Washington to exercise restraint and not escalate tension in the Mediterranean. Gandhi's written message to the Indian parliament, read by Indian Foreign Minister Bhagat yesterday, also said that the Nonaligned Movement condemns all forms of terrorist activities, including individual and state terrorism.

When the senior officials of the nonaligned countries began their meeting in New Delhi on Monday, it was disclosed that the foreign ministers of the non-aligned countries will for the first time discuss the issue of international terrorism. However, the term international terrorism will not be applied to genuine liberation movements. As is known, India itself has been the target of terrorism for the last few years. It was also a terrorist act that assassinated the late Indian Prime Minister Indira Gandhi last year. In the 1970's, it was the Western countries that were the victims of terrorism, but in the 1980's, nonaligned countries have also begun to feel the impact of politically motivated terrorism. An example is the hijacking of the Egypt Air passenger plane in Malta last year.

Therefore, it is understandable for the nonaligned countries' foreign ministers to hold their first discussion on international terrorism during their meeting in New Delhi. However, the country described as state terrorist by Gandhi yesterday was obviously the United States, whose air strike on Libya hit not only military installations but also civilian targets. Will the nonaligned countries' foreign ministers be able to solve the problem of international terrorism? This remains the central issue.

/9274

CSO: 4213/131

DAILIES COMMENT ON U.S. AIR STRIKE ON LIBYA

BK170935 Jakarta Domestic Service in Indonesian 0600 GMT 17 Apr 86

["Press Review"]

[Text] Commenting on the U.S. air strike on Libya Tuesday, BERITA JAYAKARTA underlines President Reagan's statement saying that the attack was only meant to teach Al-Qadhdhafi a lesson. BERITA JAYAKARTA views the United States as a superpower and Libya a small country. Therefore the attack was not a major conflict. However, the daily raises doubts as to whether the Libyan people are willing to be persuaded by Al-Qadhdhafi to knock their heads on the might U.S. wall. The daily believes that public support will emerge only if there is a definite goal in the struggle against foreign powers, such as what the Afghan people are doing against communist occupation. The daily also believes that whatever the reasons behind the two countries' dispute, a violent military solution is certainly unwise.

The evening paper SINAR HARAPAN believes that political frustration in the Middle East has proved to be a fertile ground for the growth of terrorism. At the same time, frustrated in coping with growing terrorist activities, the United States was compelled into launching a new punitive attack against Libya. The daily says that the most important thing to do now is to remove all conflicts in a humane and just manner as stipulated in the preamble of the 1945 Indonesian Constitution. SINAR HARAPAN calls on the public to oppose terrorism as something directly opposed to humanity and support all movements aimed at upholding justice.

Commenting on the same issue, PIKIRAN RAKYAT expresses concern over the U.S. actions as a superpower because they will provoke more turmoil in the world in view of the fact that professional terrorism does not require many people to carry out their mission. The daily says that terrorism arises from the non-operation of social and global interaction. To eradicate terrorism, courage is needed to revamp the social and global structure and eliminate neocolonialism.

/9274

CSO: 4213/131

INDONESIA

BRIEFS

**NEW MILITARY COMMANDERS**—President Suharto installed two chiefs of staff at Merdeka Palace today [11 April]. Vice Admiral Rudolf Kasenda was installed as chief of staff of the Indonesian Navy to replace Admiral M. Romli, while Air Marshal Utomo was installed as chief of staff of the Indonesian Air Force to replace Air Chief Marshal Sukardi. [Text] [Jakarta Domestic Service in Indonesian 0500 GMT 11 Apr 86 BK] /9274

CSO: 4213/131

## COOPERATIVE DRIVE CONTINUES IN AGRICULTURE, SALES

### Increases in Vientiane Capital

Vientiane VIENTIANE MAI in Lao 14 Feb 86 pp 1, 4

[Article: "Trade Coop Units Expanded 85 Percent in 1985"]

[Excerpts] By carrying out the trade policy set by the party committee and the administrative committee in order to promote trade among the masses in 1985, there was a 5.8 percent increase in the number of trade coops among the masses when compared with the figures for 1984. There has been much progress in expanding trade in Vientiane Capital in 1985, where in particular a total of 81 trade networks have been added. Out of a total of 35 stores in Vientiane Capital, 10 are government workers' stores, 1 is a department store, and there is 1 store that trades foreign currency.

As for collective stores and trade coops in particular, in 1985 a total of 154 units were set up, a 5.8 percent increase when compared with 1984.

### Joint State-Private Store Opens

Vientiane VIENTIANE MAI in Lao 26 Feb 86 p 1

[Article: "A State-Private Manufacturing Partnership Store Opens"]

[Excerpt] According to a report from the propaganda section in Saisettha District, Vientiane Capital, on the morning of 24 February a ceremony was held in the That Louang market to mark the official opening of a joint state partnership store to sell manufactured products.

Honored participants were Mr Chanda Khamai, chairman of the Saisettha District administrative committee, along with chiefs of the trade sections in the district mentioned, and a number of invited guests.

After the organizers reported on the background and the number of assorted goods of the officially opened partnership store, Mr Chanda Khamai made a speech in which he gave his views and several suggestions on work techniques. He praised the new step forward in district trade, which will be a factor to expand trade and make it consistent with future trade according to the set policy.

### Bank-Financed Credit Cooperative

Vientiane PASASON in Lao 15 Feb 86 p 1

[Article: "Nasaithong District Sets Up a Credit Coop"]

[Excerpts] On 3 January the Vientiane Capital branch of the State Bank and a mobilization unit for setting up credit funds and credit coops in Nasaithong District held a ceremony to open a credit coop in Ban Na Kounnoi.

The credit funds and credit coop are primary socialist collective economic organizations that play an important role in constructing a new socialist economy and other forms of cooperativization. Their duty is to help the bank in mobilizing the savings deposit process and in obtaining capital and shares from their members. They have the right to work closely with the bank and also to work independently on the basis of economic accounting principles. They protect cash within their village and make it possible for the family economy to borrow on the principle of mutual benefit according to the policy of the party and the government.

The credit funds and credit coop in Ban Na Khounnoi are the third ones in Vientiane Capital.

### Vientiane Province Agricultural Coops

Vientiane PASASON in Lao 18 Feb 86 p 1

[Article: "Vientiane Province Agricultural Coops Increase"]

[Excerpt] (KPL)--In 1985 agricultural reforms in Vientiane Province led to improvement and expansion. In comparison with 1984, the number of agricultural coops increased by 107. Thus, there are now 200 agricultural coops units with 6,560 families, 39,248 people, and 22,813 laborers over 86,800 hectares of cultivated area throughout the province.

### Province Trade Coops Increase

Vientiane PASASON in Lao 20 Feb 86 p 1

[Article: "Seventeen Trade Coops Are Added in Vientiane Province"]

[Excerpt] (KPL)--Since January, the Vientiane Capital trade section has worked in cooperation with different trade sections throughout Vientiane Province in mobilizing the people to invest capital in setting up 17 trade coop units. The outstanding ones are in Sanakham, Phon Hong, and Thoulakhom districts. Vientiane Province has now expanded the number of trade coops to 32. This has created a new atmosphere in the production bases where each trade coop unit has a trade agreement with the government, for example, to purchase industrial goods and distribute them to the people as needed and also

to purchase ricefield and forest products so as to raise the standard of living of the people.

#### Handicraft Coop Membership Benefits Described

Vientiane PASASON in Lao 25 Feb 86 p 2

[Article by Ketmeuang: "Policy Implementation by the Phon Tong Handicraft Coop"]

[Excerpts] At noon every day except Sunday, 60 Phon Tong handicraft coop members have lunch together with different Lao food for example, lap (a spicy Lao meat dish), koi (an acidic Lao dish), curry, thick soup, stir-fried dishes, spicy tomato sauce, etc. Of course, this is part of the implementation of the policy of taking care of the living standard for the coop members.

Besides paying wages which are based on the members' production and paying for lunch for all the members by using money from the welfare treasury and paying half of the cost for rice, which amounts to 20 kg per person, there are a number of other policies which are regularly carried out in this coop. For example, each year every member receives two sets of garments. They are well taken care of when they are sick, and their treatment and medical expenses are paid for by the coop. They also have procedures for those who get married, have babies, or lose family members. In this case money, materials, and labor are arranged in order to help out. For example, the coop gives 2,000 kip worth of fabrics, curtains, etc. to help members who are getting married and to provide labor to help on the wedding day. Pregnant women and mothers with newborn babies receive 10 tablets of medicine each to treat diseases and strengthen health. Diapers are provided and the mothers are granted a rest period of 2 months at regular wages. Those who lose family members receive money for assistance and needed materials. The coop will also arrange for people to help provide comfort to family members and to carry out funeral arrangements according to tradition.

Besides the regular policies for regular members, new students and those who are studying a new occupation in this coop receive 400-500 kip each month along with lunch. Anyone who learns quickly with determination, for example, who is able to weave cloth and Lao skirts proficiently, will be paid full wages the same as other members who receive payment based on their production.

Thus, it can be concluded that each year the Phon Tong handicraft coop must be able to produce garments, decorative products, and various household items and textiles for distribution at home and abroad according to the expected plan.

## Agricultural Coops in Capital

Vientiane PASASON in Lao 24 Feb 86 p 1

[Article: "One Hundred and Eighty-One Agricultural Coop Units Are Added in 7 Districts in Vientiane Capital"]

[Excerpt] (KPL)--Agricultural coops in seven districts in Vientiane Capital have been systematically improved and expanded on the basis of collective production, with the aim of wiping out private scattered production. Throughout the capital 187 agricultural coop units have been set up as compared with the figures for 1984, and there is a total of over 10,000 hectares of production area. Sikhottabong District has 24 agricultural coop units, an increase of 9 units over that for 1984, and Saithani District has 46 agricultural coop units, an increase of 8 units as compared with that for 1984.

The total 1985 production for the agricultural coop farmers throughout Vientiane Capital exceeded 25,000 tons. Each coop member receives on the average 598 kg of rice.

## Small Farmers Urged To Join

Vientiane PASASON in Lao 24 Feb 86 p 1

[Article: "Vientiane Province Opens a Meeting To Promote a Production Project for Small Producers"]

[Text] The Vientiane Province administrative committee recently opened a meeting to summarize the evaluation on organizing and carrying out a production project for small producers, which is a joint Lao and FAO project in their province. Its aim is to expand the people's production and to advance to agricultural collective living step by step. The meeting was conducted under the chairmanship of Mr Thongdam Manivan, the provincial administrative chairman. Mr Khamsen Vongnokeu, vice minister of the Ministry of Agriculture, Irrigation, and Agricultural Coops, was invited to join, along with delegates from the United Nations, the FAO in Laos, chairpersons from the district administrative committees of Phon Hong, Thoulakhom, Keo Oudom, Vang Vieng, and Feung districts, and 30 people who work on the production project for small producers of the center and provinces.

The meeting lasted 2 days. The participants listened to the summary report and the report on the situation and work outcome since the end of 1985. In Vientiane Province 22 collective units have been added, including units in animal husbandry, textiles, blacksmithing, etc., by borrowing over 1.3 million kip from the bank for investment for production. Later they studied the 1986 plan by learning from the experience of previous years and decided to expand the small producer project extensively and efficiently.

9884/9599

CSO: 4206/84

## BRIEFS

**CAPITAL TRADE UNION MEMBERSHIP**--The Vientiane Capital trade union is a leading organization of workers that has attentively carried out its duties, an outstanding one of which is the increase in the number of members in the trade union in various bases to a total of 1,401 members with 58 units. There is now a total of 6,685 trade union members throughout Vientiane Capital, which is more than half of the 11,720 government employees within Vientiane Capital. [Vientiane VIENTIANE MAI in Lao 14 Feb 86 p 1] 9884/9599

**VIENTIANE MUNICIPAL RECEIPTS**--In 1985 the cadres in the finance section of Vientiane Capital attentively put all of their efforts into carrying out their specialized task. In the last annual report the financial earnings of Vientiane Capital increased 96.68 percent when compared with the figure for 1984. Of this, 38 percent of the earnings are from the income from the state economic area, and 46 percent from revenues. Besides doing a good job in earning money, the finance section of Vientiane Capital was also able to surpass its obligation toward the center by 18.7 percent as compared with the figures for 1984. [Excerpt] [Vientiane VIENTIANE MAI in Lao 14 Feb 86 p 1] 9884/9599

CSO: 4206/84

PHILIPPINES

PAPER ALLEGES MARCOS 'VIRTUAL PRISONER' OF VER IN LAST DAYS

HK160953 Manila THE MANILA EVENING POST in English 14 Apr 86 pp 1, 3

["Post Special Report" by Ed Malay: "Marcos Virtual Prisoner of Ver at Malacanang"]

[Text] Deposed President Marcos was a virtual prisoner at Malacanang Palace during his last days as the duly elected president of the Philippines and sought American security provided by U.S. Marines for fear he would be liquidated by forces supposedly loyal to him.

A ranking military official said Marcos had been held captive since 1983 when the illness which afflicts the deposed leader became more pronounced. He said Marcos had been warned of the situation in 1983, but no counter-measures were taken because Marcos was convinced that other forces outside of those controlled by Gen Fabian Ver, former AFP [Armed Forces of the Philippines] chief of staff, were out to stage a coup d'etat.

He said Marcos was not in effective control of the government and failed to carry out the functions of the presidency without the knowledge of Ver and his forces, especially when Marcos had to take leave for his regular treatment.

The information said Ver's control over the president became more evident when Ver initiated the reorganization of the Presidential Security Unit [PSU] in which three of his sons were placed in sensitive positions within immediate reach of the president.

He said Col Irwin Ver was appointed chief of staff of the PSU, while Lt Col Wrylo Ver was named commander of the Light Armored Division of the PSU. Another son, Maj Rexor Ver, was named commanding officer of the president's close-in security. In effect, Ver and those forces loyal to him had the president virtually in handcuffs.

Had not Defense Minister Juan Ponce Enrile and now AFP chief of staff Gen Fidel Ramos staged a revolution, Ver could have succeeded in pushing Marcos to declare martial law again.

All known opposition leaders, including Enrile and Ramos, would have been imprisoned on Caballo Island off the coast of Cavite.

Marcos decided to leave Malacanang in the afternoon of 25 February after his proclamation, but he could not find a way to carry out his decision for fear Ver might take over the reins of government. When Marcos realized the futility of staying in Malacanang, the deposed president had to call Enrile, through his aide de camp, Col Arturo C. Aruiza, to ask for a separate security force to protect him. He added the call was probably made without the knowledge of Ver.

Malacanang was placed under a total blackout after the departure arrangement was finalized. He said Aruiza, who stayed close to the president, was the only one authorized to light a flashlight.

A U.S. Navy gunboat was sent to ferry the president on his trip across the Pasig River to Malacanang Park where four U.S. Air Force helicopters with heavily armed U.S. Marines were waiting for him.

The decision to leave Malacanang was made without Ver's knowledge.

The informant said Mrs Aida Ver, wife of the general, was left behind in their haste to leave. Mrs Ver had to travel to Clark Air Force Base by car.

Enrile revealed that Ver had drafted a plan that would install the former First Lady, Mrs Imelda Romualdez Marcos, as successor to Marcos if he died in office. Ver planned to take over from Mrs Marcos and declare himself a military dictator.

A military officer said Marcos was in his hospital bed undergoing treatment when Enrile and Ramos announced their mutiny. He said Mrs Marcos had ordered two Malacanang resident doctors to inject some "uppers" to help Marcos on his feet so that he could appear on television.

Marcos could have easily stayed on as president, the source said, if he only stood firm on his earlier decision to retire Ver last 1 March. Ver's retirement was recommended by former Trade and Industry Minister Roberto V. Ongpin, who had been given the task to reorganize the new Marcos government.

Upon learning he was to be retired, Ver immediately sought audience with Marcos and asked that he be allowed to retire by 31 March because he was working on an intelligence report, saying Enrile and Ramos were leading a plot to topple the government. The source said the former president's condition made him gullible to reports fed by Ver and those who were close to the president like former Philippine Ambassador to the U.S. Benjamin "Kokoy" Romualdez.

It was also his condition which prevented Marcos from making the right decisions which could have neutralized the revolution despite the numerical superiority of the military which supported him, the source said. [Sentence as published]

/9604

CSO: 4200/926

REBEL PRIEST DENIES SURRENDER; CITES DISTRUST OF ARMY

Sends Regards to President

HK160647 Hong Kong AFP in English 0540 GMT 16 Apr 86

[Text] Manila, 16 Apr (AFP)--A Roman Catholic priest turned communist guerilla leader has denied Jaime Cardinal Sin's claim that he wanted to surrender to the authorities, but sent his regards to President Corazon Aquino.

Father Conrado Balweg, a New People's Army (NPA) commander in the Cordillera Mountains north of here, indicated that he was wary of military officers who helped install Mrs Aquino in power. "We are fighting for a noble cause and therefore should not surrender. For me, surrender means death," the priest told members of the independent Cordillera News Agency based in Baguio City, capital of the region.

Earlier press reports here said Cardinal Sin, the influential Archbishop of Manila, announced that Father Balweg, a former member of the West Germany-based society of the Divine Word Missionary Order, was set to surrender.

Asked about reformist military officers whose mutiny led to a successful 4-day revolt, the priest said: "Some say there is a conversion. But can a conversion take place in 2 or 3 days? I still believe that conversion doesn't mean that you have rectified your practice of so many years."

In a parting shot to the interviewers, he shouted "regards to Cory," as the 53-year-old president is popularly known.

The group gave AGENCE FRANCE-PRESSE a transcript of the interview and pictures of Father Balweg, who carried an automatic rifle.

He is the best-known "rebel priest" in a largely Roman Catholic nation rocked by an insurgency led by the 16,000-strong NPA.

Father Balweg said he thought the new government was "sincere about reconciliation," citing the release of political prisoners including top communist leaders, but did not elaborate.

On the recent revolt, which analysts consider a setback for the communists, Father Balweg said, "the beautiful thing that happened is that many people were united, especially in the cities, and that is positive."

"Regarding prospects, I am apprehensive of the future because this people power that spontaneously responded to the situation is not organized. I believe that the future is very shaky," he said.

Father Balweg demanded the pullout of troops from the Cordilleras.

During the regime of deposed President Ferdinand Marcos, the military placed a 200,000-peso (10,000-dollar) prize on the head of the wanted priest, who joined the NPA in 1979 after failing to stop a government-backed pulp plant that displaced members of the Tinggian tribe.

The Aquino government is urging communist and Moslem rebels to lay down their arms and join the political mainstream. Isolated armed clashes continue to erupt between the insurgents and troops in parts of the country, while an uneasy truce has taken hold in others.

#### Cites 'Problems' in Reform, U.S. Bases

HK171119 Manila Far East Broadcasting Company in Tagalog 1000 GMT 17 Apr 86

[Text] The rebel priest Conrado Balweg will not surrender and prefers the life in the mountains of the Cordillera. These are some of the details gathered in an interview with Balweg by TV personality June Keithly. The interview will be shown on television tomorrow at 2130 on Channel 4. The Keithly report will also show for the first time the activities of the NPA in the Cordillera.

In the interview, Balweg said that he did not receive any letter from Jaime Cardinal Sin urging him to come down from the mountains in the spirit of reconciliation. He added that he will not surrender because he is not a criminal. He also denied reports that he had been sick.

On the Aquino government, Balweg said he is open to the idea of reconciliation, but added that there still exist major problems in agrarian reform and regarding U.S. military facilities in the country. These are probably the reasons Balweg opts to remain in the mountains.

#### NPA Spokesman on Surrender Denial

HK170733 Quezon City BUSINESS DAY in English 16 Apr 86 p 23

[Text] Tabuk, Kalinga-Apayao--Rebel priest Conrado Balweg is not about to surrender, a spokesman of the members of the NPA said.

Kayu Kan, who is believed to be a ranking NPA leader, also denied any knowledge of surrender of Balweg, saying "Mas Mabuti pa si Cardinal Sin, mas maraming alam kaysa sa amin." (Cardinal Sin is luckier; he knows more than we do.)

Kayu Kan added that he doesn't think Balweg will surrender as "we, the NPA, are not the type to surrender."

As to the whereabouts of Balweg, Kayu Kan said most NPAs would answer "I don't know." One BUSINESS DAY informant claimed Balweg is in Apayao, a member of the NPA, who used to be with Balweg last year, said he and Balweg got separated since a year ago and "we haven't seen him since then."

Meanwhile, Bienvenido Balweg, brother of Fr. Balweg, together with two representatives of the Aquino government, failed to make contact with the renegade priest when they were here last month supposedly to arrange a possible surrender of Balweg.

A human rights lawyer William Claver earlier questioned allowing Bienvenido Balweg to be the negotiator of Fr. Balweg's possible surrender.

Bienvenido, who works at the Mountain State University in La Trinidad, Benguet, was a member of the Kilusang Bagong Lipunan a few weeks before last February's presidential elections. He used to be affiliated with the United Nationalist Democratic Organization.

Claver told BUSINESS DAY that if they use Bienvenido, the NPA will likely cordone off Fr. Balweg.

#### Cordilleras NPA Statement Reported

HK160922 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 15 Apr 86  
pp 1, 2

[Text] Balbalasang, Kalinga-Apayao--Communist New People's Army rebels in the Cordilleras would not surrender, although they praised the Aquino government for toppling the 20-year Marcos regime.

The NPA stand was made known to the NPA in Kalinga.

"Under a system dominated by foreign imperialism, only traitors, enemies of the people and pseudonationalists dare advocate the idea of reconciliation for the sake of an imperialist dominated system," the NPA said.

"If the Aquino government is doing just this, what basic difference with the Marcos government can it claim to have?" it asked.

However, the NPA saluted all political forces who sincerely worked together for the toppling of the Marcos regime. They also saluted the Moro National Liberation Front and other armed groups including their own men who are engaged in an armed struggle in the south.

The NPA claimed the coup d'etat against Marcos was masterminded by U.S. imperialism because Marcos has become more of a liability than an asset to U.S. interests in the Philippines.

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CSO: 4200/926

POLICE COMPANY WITHDRAWN IN DEMILITARIZATION MOVE

HK120641 Manila THE NEWS HERALD in English 11 Apr 86 p 3

[Article by Nars Padilla]

[Excerpt] Baguio City--the PC [Philippine Constabulary] Company from the 1st GHQ [General Headquarters] battalion assigned at Sadanga, Mountain Province, was withdrawn by the Regional Unified Command [RUC] I after military and local government officials agreed to demilitarize the municipality as a possible solution to the peace and order situation in the area.

The move is considered unprecedented in the region as the remote municipality of Sadanga before the new dispensation was a hotbed of NPA and insurgent activities.

Late last year an NPA rebel band led by rebel priest Conrado Balweg swooped down on the area, divested the local police of their firearms and later herded the towns' officials and residents and lectured them on NPA ideology.

RUC I Commander Jesus de la Cruz agreed to the pullout as recommended by OIC [Officer in Charge] Governor of Mt Province Jimmy Molvero and other provincial and municipal officials who claimed that it had been a clamor of the residents of Sadanga to remove the PC detachment in the locality for the local officials and the populace to police and secure their own ranks.

The RUC, however, said the arrangement is temporary. Should the experiment fail, the military will return the PC detachment to the municipality.

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CSO: 4200/926

REPORTAGE CONTINUES ON QUESTION OF BATAAN NUCLEAR PLANT

Debt Renegotiation Tied to Operation

HK160932 Manila MANILA BULLETIN in English 15 Apr 86 p 13

[Article by Samuel Senoren]

[Text] A renegotiation of the Philippines' foreign debt which is being sought by the government of President Corazon Aquino has been tied to the operation of the controversial nuclear power plant in Bataan. The nuclear facility, which cost more than d2 billion to build, was financed by the U.S. Government and a syndicate of international banks. The banks are among 483 financial institutions which lent some d16 billion to the Philippines under the regime of ousted President Ferdinand Marcos.

One of the funders which was reported willing to reschedule its exposure in the nuclear plant is the U.S. Export-Import Bank owned by the U.S. Government. The U.S. Eximbank put up more than d550 million consisting of direct loans and guarantees to help Westinghouse sell the nuclear plant to the Philippines.

One of the key functions of the U.S. financial institution is to provide credit support to U.S. industries which export their products to foreign countries.

The U.S. Eximbank was reported willing to reschedule the loan for 10 years with a 5 year grace period under terms for public sector debt set last year by the creditors and the government under Marcos.

The operation of the nuclear facility is widely believed to be considered crucial by the U.S. Government because mothballing of the project would put the ability of the United States to build safe nuclear plants under serious question.

Some of Mrs Aquino's key supporters, including influential members of her cabinet, hold that the nuclear plant in Bataan was ill-conceived and thus unsafe.

Mrs Aquino has given members of her cabinet up to next week to finalize their individual stand and recommendation on the nuclear plant. She is under increasing pressure to choose between fulfilling an election promise not to operate the plant and the practical option to allow the facility to run.

Previous inquiries on the safety aspects of the plant have remained inconclusive and sources said Mrs Aquino may be forced to form another fact-finding body to decide once and for all if the nuclear facility should be operated or dismantled.

#### Minister Favors Scrapping

HK170517 Quezon City DZFM Radio in English 0400 GMT 17 Apr 86

[Text] Natural Resources Minister Ernesto Maceda has recommended the scrapping of the Bataan nuclear plant. In a position paper he submitted to President Aquino, he said the nuclear plant is unsafe and unreliable, expensive, and lacks competent technology. In addition, he said, the nuclear plant will pose pollution and radioactivity problems when it starts operating. Maceda argued that it will be more prudent to give up the project right now before the Philippines sinks deeper into debts and the country's ecology is imperiled. In place of the power plant, Maceda suggested to the president two alternatives to nuclear energy. These are the tapping of new and renewable sources of energy like [word indistinct] and that efforts should be intensified in areas with coal mining exploration.

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CSO: 4200/926

SAN MIGUEL SHARE MOVEMENT, BRANCH SALE REPORTED

Sale of Shares Approved

HK160934 Manila MANILA BULLETIN in English 15 Apr 86 pp 13-14

[Article by Ding Marcelo]

[Text] The Presidential Commission on Good Government yesterday gave approval to the sale of P3.3 billion worth of San Miguel Corp [SMC] shares held in trust by United Coconut Planters Bank (UCPB) but said the proceeds of the sale will have to be sequestered until a formula is worked out to turn the money to shareholders.

The PCGG had earlier disallowed the block sale of SMC shares of stocks because it suspected these holdings were owned by presidential "crony" Eduardo Cojuangco Jr. whose entire assets in the country amounting to several billions had been sequestered.

Lawyer Raul Roco, representing the SMC management, however, told the commission that the shares were owned by some 1.5 million coconut farmers and were only being held in trust by UCPB.

Roco reportedly told Commissioner Ramon Diaz during a meeting last Friday that Cojuangco owned only two shares.

Because of Roco's representations, the commission cancelled a scheduled meeting yesterday with SMC chairman and president Andres Soriano III. It also lifted the sequestration order on the disputed stocks along with the P500 million SMC downpayment.

Soriano was summoned to explain his side on the deal which the commission considered to be in violation of Executive Orders 1 and 2 which effectively sequestered all assets of former President Marcos and his cronies.

With the commission giving the go signal for the purchase, Soriano's group has effectively regained control of the multi-billion-peso food and beverage conglomerate which Cojuangco headed since March 1984 until his hasty departure upon the fall of the Marcos government.

Diaz said SMC will continue to pay the agreed amount of P3.3 billion to UCPB but the sum will be held in trust now by the commission.

San Miguel had already made a down payment of P500 million. Under the agreement it signed with UCPB, the balance of P2.8 billion must be paid within 90 days.

Diaz emphasized during a press briefing yesterday that "not a single centavo must be taken away from the coconut farmers who own the 3.3 billion shares of stocks."

Diaz has asked UCPB to develop a formula to enable the farmers to get their return on investment.

The 1.5 million coconut farmers are members of the Coconut Federation of the Philippines headed by Mrs Maria Clara Lbregat.

Approval of the sale perked up the price of SMC A shares at the local exchanges. Opening at P27, the price for A shares closed at P28.50, a gain of P1.50.

Meanwhile, the securities and exchange commission and the board of governors of the Manila stock exchange met yesterday and discussed ways by which the SMC could be compelled to disclose the buyers of the 33.1 million San Miguel shares sold last 1 April.

Under the rules of the exchanges, the corporation had up to last Friday to disclose the beneficial owners of more than 10 percent of the voting stocks of the corporation after the transaction.

At the same time, the 18 million SMC shares owned by corporations owned by former SMC Chairman Eduardo Conjuangco Jr remains sequestered by the Presidential Commission on Good Government.

#### Hong Kong Branch Sale

HK161228 Hong Kong AFP in English 1135 GMT 16 Apr 86

[Text] Manila, 16 Apr (AFP)--Berr-based Philippine multinational San Miguel Corp. (SMC) is selling control of its Hong Kong subsidiary to a rival American brewer, the MALAYA newspaper reported here Wednesday.

SMC Chairman Andres Soriano was finalizing the sale of 51 percent of SMC Hong Kong to Milwaukee-based Anhauser Busch, which produces the popular Michelob brand of beer, MALAYA added.

SMC spokesmen had no comment on the report.

San Miguel, the Philippines' largest manufacturing conglomerate, is being investigated by authorities here for possible violation of an edict banning the movement of assets suspected to be owned by deposed President Ferdinand Marcos.

Two weeks ago, a large block of SMC shares believed to be owned by close Marcos ally Eduardo Cojuangco was sold for 3.3 billion pesos (161 million dollars) to an unnamed group represented by Mr Soriano.

The government voided the sale but later allowed it, although it froze the proceeds.

Mr Cojuangco fled with Mr Marcos to exile in Hawaii after a civilian and military revolt in February toppled the strongman and installed Corazon Aquino, Mr Cojuangco's estranged cousin, to the presidency.

Mrs Aquino has accused Mr Marcos and his associates of plundering public funds during 20 years of power and has made recovery of the money, believed to be from 5 to 10 billion dollars, a top priority of her government.

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CSO: 4200/926

LABOR MINISTER ADDRESSES KMU ON RIGHT TO STRIKE

HK171627 Quezon City ANG PAHAYAGANG MALAYA in English 7 Apr 86 p 8

[Text] Labor Minister Augusto Sanchez told workers yesterday that strikes are effective in making management listen to the grievances of labor.

The labor minister's statement is expected to further draw the ire of the business sector, which recently blasted Sanchez for issuing controversial statements which they claimed may seriously affect the country's investment climate and hamper smooth relations between labor and management.

Sanchez said he is getting much flak from foreign investors, particularly American multinational firms, because he is exposing their onerous practices in the country.

"What we need is a country that is free from the control of foreign business interest," he told workers affiliated with the Kilusang Mayo Uno.  
[KMU-1 May Movement]

Upon assuming the top ministry post last 10 March, Sanchez already predicted more strikes would be held this year. The Labor Ministry, however, would be able to settle them at a faster rate, he added.

From 38 strikes ongoing when Sanchez assumed office a month ago, the strike count has risen to about 53 nationwide.

The Labor Ministry, however, has been on top of the conflicts, and was able to settle major disputes including the walkouts at the Philippine Long Distance Telephone Co. and the U.S. military bases.

The labor minister has been also churning out decisions on pending labor cases almost daily, and Sanchez attributes the high settlement rate to the trust given by workers to the Aquino government.

The Labor Ministry, he emphasized, is a ministry of the workers, hence it should be on the side of labor. The business sector he added has the Ministry of Trade and Industry to turn to.

On the right to organize, Sanchez urged the KMU to widen their ranks since the Aquino government fully recognizes labor's right to form unions.

"The clamor for better rights and benefits must be expressed through strikes," he said, "since it is the most effective way of letting businessmen know of the workers' grievances."

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PHILIPPINES

PAPER REPORTS ON INTERVIEW WITH DEPUTY DEFENSE MINISTER

HK160639 Quezon City BUSINESS DAY in English 14 Apr 86 pp 6, 12

[Report on interview with General Rafael M. Ileto, Philippine Deputy Defense Minister, "tagged as Defense Minister Juan Ponce Enrile's successor" by Marites Panguilan-Vitug; date and place not given--passages within slantlines published in boldface]

[Text] General Rafael M. Ileto, soldier and diplomat, has come home, his military career interrupted by 10 years in the foreign service. The military career, though, found continuity about a month ago after Ileto assumed his post as deputy minister for national defense.

Ileto left the country in 1975 as ambassador to Iran, at a time when he was vice-chief of staff of the Armed Forces. That was President Marcos's way of dealing with a dissenting general.

The year 1971 marked Ileto's fall from grace in Marcos's eyes. One day, inside the study room in Malacanang, Marcos announced he would declare martial law and impose curfew. Outside the palace gates, demonstrators surged forward, burning a firetruck. All the generals present said yes to martial law--except Ileto.

The diplomatic service opened new vistas for the general who was exposed to another country's revolution, Iran, and to another armed forces' coup--when he was ambassador to Thailand.

From a strictly professional soldier who believed mainly in the strength of the armed forces to subdue an enemy, in military solutions to problems, General Ileto was mellowed by his years as a diplomat.

"This time...I think back and say 'maybe we can solve this by talking it over, across the conference table, in order to save lives'."

Thus he offered to mediate during the February military rebellion between the loyalists and reformists. But weeks before that, he was already helping out in the civil disobedience campaign of then presidential contender Mrs Corazon C. Aquino. He would come to Manila to advise "some people" working closely with Mrs Aquino, mainly drawing from the Iranian experience.

General Ileto was ready to be fired then from his post in Thailand if the government found out he was supporting the Aquino camp.

Ileto's military career spans more than half of his life. At 65 he has seen how the pre-martial law Armed Forces worked, describing it as "more professional" than at present, and got a feel of the military under Marcos, dogged implementors of martial rule. Today he is back to an AFP [Armed Forces of the Philippines] that has undergone a little transformation, enjoying a new image after Defense Minister Juan Ponce Enrile and chief of staff Gen Fidel Ramos led a rebellion against Marcos.

Ileto spent a year at the Philippine Military Academy [PMA] after which he pursued his studies at the U.S. Military Academy, West Point. Graduating in 1943, he signed up with the U.S. Army. In 1950, he joined the Philippine Army and organized and commanded the elite Scout Rangers of the AFP.

Under the Magsaysay administration, he was a key figure in the military which successfully crushed the Huk insurgency. From 1959 to 1964, he was operations chief of the National Intelligence Coordinating Agency (NICA).

During the Marcos's first terms of office, he was tasked to be the commanding general of the first PC [Philippine Constabulary] zone covering 19 provinces north of Manila then he moved to be the Army commanding general up to 1971. When he proved to be much too independent minded for Marcos, he was kicked up to deputy chief of staff, 1971 to 1973 and later vice-chief of staff. Then Marcos wanted him completely out of sight in 1975, and assigned him as ambassador to Iran.

At his office in the Defense Ministry in Camp Aguinaldo, the retired general and diplomat is more than a month into his new job. He is cautious not to say what contributions he would like to make as deputy minister to the ministry, the Armed Forces and government. "Others before me would think I would be accusing them of not doing their job or not doing it well. I'm just avoiding a rift."

Ileto is seen as the likely successor to Enrile who may bow out from office after helping stabilize the new government. Enrile was recently quoted as saying he would only stay on as defense minister for about 3 years.

Smoking Philippine cigars given by the defense minister, Ileto, in the course of a 2-hour interview discusses a host of subjects, from his days as a diplomat to security issues and the Armed Forces. He was candid at times and cautious, too, but, overall, he struck one as honest with his views:

/On the old and "new" AFP:/ "Gen (Fidel) Ramos changed the name to new AFP. I don't know if this means a change in the organizational setup, basic doctrines, or concept of the AFP...I have lost track of developments in the AFP. But the old AFP, which is pre-martial law, was more professional. I hate to make a comparison now because I may be interpreted as criticizing General Ramos, also because I was directly involved, statements I make will be self-serving...I belonged to the very old army, when we were up

against a formidable Huk force. We were successful in suppressing an insurgency that was bigger than this one now. We in the military were proud of it and we considered ourselves as professionals."

"One of the biggest factors that contributed to the decline of the AFP was the attempt to win over personal loyalties from the officers to the point where there was a conflict between personal and national interests. At one time, under Marcos, half of the top level officers were all extendees. When an officer is extended in the service, even if he is an academy graduate and had been ingrained with duty, honor, country, integrity doctrine, you feel, sooner or later, that you're getting your bread and butter from an individual that if he did not extend you, you'd be jobless."

In Thailand, they don't allow anybody to be extended. They had a coup d'etat (1981) and one of the major issues was why one officer had been extended 1 year--and he happened to be the prime minister."

/On President Aquino's extension of some officers:/ "It is justified at this period. Only a few have been extended. We have asked the president to extend those occupying high-level positions whom we cannot replace right away, from 6 months to a year, after which we will implement the retirement law to the letter. It is not her fault, it is our fault--but no, it is not a fault. It is for the good of the service. It is difficult because we are shifting from the old practice to the new ones."

/On the president's control over the AFP:/ "The president is the president. (Gen Fidel) Ramos and (Juan Ponce) Enrile have said this many times: the military should obey the president. People get impressions, rumors from newspapers, some of them unfounded. I can vouch they are sincere when they say they are supporting this administration."

"Consultation between the president and the ministry exists, it is constant. I'm surprised when I read in the papers that they (defense minister and President Aquino) are at odds. I don't think so. I don't know their inner feelings but on the surface, coordination is going very well."

"We are proposing to activate the national security council. It forces them (Enrile and Aquino) to get together, sit down periodically, so that coordination will be thorough and complete. Both sides may not have enough time to sit down by themselves. But bring them together and get together on highly sensitive security matters then the understanding will be complete."

/On the insurgency:/ "With the guidance from the top on a soft approach, we have redesigned our own strategy... We don't know if this will succeed or not. But it has never been tried before. For all you know, it may work. It will be easier, no fighting. We buy it (soft approach) as a possible solution to a problem."

"This consists of dialogue, convincing them (rebels) to come down, cease fire, possibly no movements on both sides although they (New People's Army) keep moving and we keep holding our troops in the barracks in a defensive

position. The other side, apparently, in order to improve their bargaining power, they shift, they maneuver. We just have to wait and see how it will come out."

"Most of the military's activities is defending populated areas, no offensive, you don't hear of massive deployment of troops or encounters. We still sustain casualties, almost the same as last [word indistinct].

"As far as the NPA is concerned, the process of recruitment continues. We can go on civic action programs, improve the lot of the masses; it gives a chance for both sides to see how well we can play the game without shooting anybody.

"For as long as the conditions will not deteriorate further, we are willing to give as much time as necessary (to the soft approach). If we feel that the other side is using this to improve their position, if the situation will deteriorate too much...we have to act, to convince the president...

"It's been hardly a month, even the other side was caught unprepared. They are not even organized enough to come up with one solid front to present what they want... I feel they are also organizing, trying to get together, hopefully for a reconciliation. But if they are getting together for military action, we have to prepare ourselves for military action. They are used to using negotiations as a tactic, as a maneuver to improve their stature.

"Some sectors in the military feel uneasy, they are worried that this (soft approach) is not helping the military. We are slowly making them feel it is worthy try. Although the majority feel that we should also take advantage of this time to reorganize the AFP, to re-equip and prepare it for the time we may use military force again."

On the prospects of future intervention by the military in the political process: "They could intervene if a similar situation arises--and maybe they would because they found out they could succeed with the help of the people (February military rebellion). But I don't think they ever will because the people will not allow the situation to deteriorate again. It will never come to that point. At this time? They cannot because there is no reason for doing so.

"In Turkey, they can intervene politically. Officers are trained on how to take over and run government. If the politicians cannot get together, the people ask the military to intervene. They take over for 1 year, 2 years, and return it to the people. This cannot apply here. In Turkey, the military is highly respected. Here, no. The people will never trust the military to take over."

/On the size and equipment of the AFP:/ "We can stand a reduction in the military, cut off excess fat. There are some that are not contributing to the cause. We can weed them out by rescreening, going over capabilities, attitudes. Some are just hanging around, sickly.

"We have enough armaments. If we go into civic action, we will need tools other than weapons. We might need trucks, heavy equipment. Military aid can be used for that, instead of asking for guns and sophisticated weapons. We can go along with small sidearms, individual weapons. We're not worried about external threat."

/On the reform movement:/ "They are in the right direction as long as they keep it only on that level--professionalizing the military. If they go beyond that, they should be reminded that was not the basic principle, tenets they agreed to follow. In the minister's judgment, with which I agree, there is not much need for the (RAM) [Reform the Armed Forces Movement] now because the whole armed forces is working towards professionalizing the military. The movement was very valid then but now, with the new administration, there may not be any need for them."

/On military abuses and human rights committee:/ "The military had committed a lot of errors before and we have to admit it. Some violated human rights of people. They are isolated cases. As far as investigating them, I don't see why we will object to it because justice must be established and it is a good example for the military. Those of us who believe in professionalism should not resort to methods that are inhuman. In the process or heat of battle, it is possible that there have been commitments not deliberate, done in an effort to accomplish a mission or abide by orders of superiors. This we ask for a little leeway. In combat, when your life is at stake and you have to protect the lives of your men, you are prone to commit something that is on the grey side."

"That's the right of everybody to complain. If it (abuse) were done to my daughter, then I'd complain, see that justice is done."

"It will be fair and just for them (committee) to investigate also the other side (NPA) and government officials, too. Why should the military be the primary target, why not other government officials, politicians of the old regime, if they ordered some violations."

"If the NPA is considered a legitimate combatant unit that should take abide by the human rights code, then it should be investigated. But if they're considered a band of hoodlums, that's another question. It depends on the interpretation. I would not know at this time how to interpret the NPA."

/On his days as a diplomat:/ "How I did my job in Bangkok? I tried to protect the country, not the individuals, those running government. I was always on the defensive, I defended the acquittal of General Ver by hiding myself and maintaining a low profile. I had always reasons why I could not be a speaker. Before 1983, I tried my best to be a diplomat, to present a respectable picture of our country. After that, I found it difficult to defend the establishment. I hardly appeared in gatherings where I would be exposed to a lot of questioning."

"My experience with the diplomatic service widened my perspectives in a sense. I do not just rush into a decision. I think of other ways to solve a problem. Years have mellowed me. I'm more inclined to talking over things first. If diplomats are not successful in talking things over, then the generals come in."

"When I was being assigned by Marcos to Iran, I told him I'm a professional soldier and I don't know how to beat around the bush. I call a spade a spade. He disagreed with me but behind my back he just wanted to send me to Iran, anyway."

"Within 10 years, I only talked to the president three or four times: a phone call when I was in Iran, (during the revolution), which lasted an hour, a 15-minute call during the coup in Bangkok. I never went to Malacanang. A lot of ambassadors, when they came home, took a bow..."

/On warlords:/ "We can disarm the warlords, we don't have to declare war on them. We're convincing them and they're slowly joining government. If we want to pick them, we can do so anytime. They're not hiding. They're not fighting the government."

/On "loyalists" undergoing orientation:/ "They in the PSC (presidential security command) have not been in the field for a length of time. They're bound to get killed if we throw them in Mindanao or Samar. They have not undergone (jungle) training because they were in the city, protecting Malacanang, sitting pretty, having a good time, while so many men lived in jungles for years. The 2-week training on jungle warfare is not a punishment. They should welcome it."

/On psywar used during the February revolt:/ "It is part of any negotiation, you take advantage of time allotted to you. Parties in a negotiation are always biding for time, trying to improve their bargaining position. Either continue the battle across the conference table or with the use of arms. I'm not saying something that is new."

"My idea was to bring them (Marcos, Ver, and Enrile, Ramos) to the conference table complete with television, everything, and get them to solve their problems instead of shooting. But, in the meantime, everybody plays for tactical advantage. If you don't use psywar to improve your capability, then you're not good commanders."

/On the appointment of Wilson Camboa as deputy minister for munitions:/ "There was prior consultation. She (President Aquino) is very kind on matters like that. She makes it a point to consult..."

/On the U.S. military bases:/ "I take the same position as Mrs Aquino. I think it is the best position we could take at this time... We will be concerned if the bases will be removed. Our neighbors will be concerned. We don't know how the people will react to that question, whether we will retain the bases or not."

/On the visit of top U.S. government officials:/ "It is an indirect recognition of the existence of a stable government whom they can deal with. It is good if they offer assistance or aid. We are not a rich country to refuse. Military, economic and moral assistance--such as a visit--is welcome."

/On the orientation of PMA:/ "I don't think many changes have taken place since our time (1940s). The products of PMA are good. I see part of them have gone back to the old doctrine of professionalism. We were taught the true concept of honor, duty, country. We were not taught to be loyal to individuals. We were taught to serve the country. We did not really care who the president was, I mean, strictly speaking. Even in modern armies in the United States, Britain, presidents may come and go but the Armed Forces become just as stable as they could be, strong as ever... That won't affect the quality of their combat effectiveness like (what has happened) here.

"Because they have been oriented to loyalty to individuals, to the president, it destroys the very essence of training in the academy.

"I don't think there could be any more nationalistic approach (in training of cadets at PMA). The mere fact that it is imbued in the minds of cadets that we should abide by the Constitution. The Constitution is the symbol of our nationalism. Of course, our Constitution has been battered right and left but, still it is the basic law made by the people. By following the Constitution, you are serving the country well."

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CSO: 4200/926

EDITOR'S REMOVAL MAY RELATE TO BIR CONTROVERSY

HK161126 Manila THE MANILA EVENING POST in English 14 Apr 86 pp 1, 3

[Text] Veteran journalists Alejandro Roces, Hernando Abaya, Joe Quirino, and Cebu Gov Napoleon Rama last night became the "instant" editors of the beleaguered MANILA TIMES.

The daily newspaper was crippled by the walkout of editors, proofreaders, and paste-up artists precipitated by the "sacking" of Vergel Santos, the newspaper's executive editor.

Although Santos was merely asked to go on one-month "forced leave" with pay by TIMES editor-in-chief Alejandro Roces, the employees denounced the act as "too drastic" that would eventually lead to the termination of Santos.

Roces described the act as "very unprofessional" and had no place in the newspaper business. "What will happen if they walk out again when we have a disagreement?" added Roces.

Roces reportedly said Santos never met his own deadline, causing the paper's late distribution. "The paper never hit the streets on time," Roces said.

Roces added that the employees who walked out must re-apply just like the others.

The TIMES employees are scheduled to picket the TIMES offices at the corner of Santiago and Scout Ojeda streets in Quezon City to denounce the action on Santos and demand security of tenure.

Santos said he would return to the newspaper only upon the replacement of Roces and Abaya, chairman and co-chairman of the editorial board, respectively.

Sources said Santos was reprimanded by management, led by Ramon Roces, founder and publisher of La Vanguardia Publishing Company, Inc., for insisting on publication of the controversial shares of stock of Bienvenido Tan, Bureau of Internal Revenue commissioner.

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CSO: 4200/926

MIXED PRESS REACTION TO RUMP BATASAN SESSION

Papers Urge Aquino To Crack Down

HK151531 Hong Kong AFP in English 0419 GMT 15 Apr 86

[Text] Manila, 15 Apr (AFP)--The Philippine Press Tuesday gave mixed reviews to a rump parliamentary session and other protests by supporters of exiled strongman Ferdinand Marcos, including a violent clash near here.

There were calls for sterner measures against allegedly seditious members of the new opposition, but also criticisms of controversial policies of President Corazon Aquino's government since a revolt swept it to power 7 weeks ago.

Former Foreign Minister Arturo Tolentino Monday called for a civil disobedience campaign against the Aquino government as he emerged as the new leader of the former ruling New Society Movement (KBL) party.

He made the call in a KBL rump session of the National Assembly, abolished 25 March by Mrs Aquino, who assumed lawmaking and other sweeping powers until a new constitution is drafted and elections for a new parliament are held. She has set a 1-year timetable for the whole process.

"There is a limit to childish tantrums, and anything beyond this limit should not be tolerated. She must crack down--hard," the semiweekly VERITAS magazine, backed by the dominant Roman Catholic Church, said in an editorial.

It said KBL members were "hopelessly spoiled" kids, and Mrs Aquino should "draw the line" where "childishness ends and sedition begins."

The once pro-Marcos DAILY EXPRESS newspaper also called on Mrs Aquino to define the limits of what the loyalists can legally do, saying they were hoping to "oust the government and pave the way for the return of Mr Marcos."

But it also hit the government for "failing to act decisively on the issues which matter most to the people" like the economy, adding that there was "lack of a clear, authoritative voice from the top levels of leadership."

"The new government must act and talk 'presidential,' and it must show to the nation that while there is always room for reconciliation, the people themselves would be the first ones to war against seditious words and actions," it said.

The mass-circulation PHILIPPINE DAILY INQUIRER said "violence was being courted by both sides" in San Juan, a Manila suburb where supporters of the sacked KBL mayor clashed with police backing his appointed successor.

At least 32 people were injured in the clash Monday at the municipal hall as the KBL prepared for its rump session in neighboring Quezon City.

The daily urged Mrs Aquino to go slow and consult people in her efforts to replace KBL provincial governors and city and municipal mayors with acting officials until elections are held in place of a postponed poll set for May.

THE MANILA TIMES newspaper said in its editorial that Mr Tolentino--the running mate of Mr Marcos in the 7 February presidential election in which frauds against Mrs Aquino led to the revolt--"should accept the people's verdict in the last elections or join Marcos in exile" in Hawaii.

Mr Tolentino considers himself the country's legal vice president.

#### Marcos Seen Behind Events

HK170243 Hong Kong AFP in English 0233 GMT 17 Apr 86

[Report by Teodoro Benigno]

[Text] Manila, 17 Apr (AFP)--The fine, cunning hand of deposed President Ferdinand Marcos is behind the current rash of anti-government events which are aimed at his eventual return to the Philippines, analysts say here. From 3,500 miles (5,800 kilometers) away in Hawaii, where he fled 26 February, Mr Marcos now reportedly pulls the strings which have resulted in a "rump parliament" session Monday and almost daily pro-Marcos street demonstrations in Manila.

So far, the 7-week old provisional government of President Corazon Aquino has maintained a policy of "maximum tolerance" despite the admittedly rowdy and at times violent behavior of the pro-Marcos street throngs. A number of local and foreign journalists and photographers have already complained of being threatened and even roughed up as the demonstrators scream their loyalty to Mr Marcos and urge fellow Filipinos to topple the Aquino government. They number anywhere from several hundred demonstrating outside the U.S. Embassy Tuesday to the 15,000 turnout for a pro-Marcos rally Sunday and an estimated 4,000 who attended Monday's rump parliamentary session in suburban Quezon City.

"We shall return, but the people must be united and they have to ask for us to come back," the ex-president said in a message to his followers as he branded the Aquino government "illegal, void and invalid from the beginning."

Some top Marcos followers, who declined identification, told AGENCE FRANCE-PRESSE they expected the Aquino government to crumble in 6 months to a year's time and Mr Marcos to return triumphantly like Peron.

Juan Peron, with his wife Evita, ruled Argentina from 1943 until he was deposed by the military in 1955. Peron returned from exile in 1973 and was re-elected president, but died the following year. He was succeeded by his wife, but the military took over in a bloodless coup in 1976.

Analysts here strongly doubt that Mr Marcos and his wife Imelda can ever recapture political power in the Philippines, but admit he retains the capability to create a lot of trouble for President Aquino.

Firstly, if he really has 4 to 10 billion dollars salted away abroad as claimed by the Aquino government, funding for pro-Marcos street demonstrations, rallies and rump National Assembly sessions poses no problem.

Secondly, the Philippines remains mired in economic and social crisis with a record 15-40 percent unemployed-underemployed figure. Marcos recruits are easily available to wage street demonstrations against Mrs Aquino, analysts say.

Thirdly, the 250,000-strong armed forces and police forces contain a large corps of officers known to be Marcos loyalists, many of them from his home region of Ilocano-speaking northern Luzon. They are widely known to be recipients of past presidential favors and observers say this partly explains why pro-Marcos demonstrations have been given a wide berth by the military and police forces, despite outbreaks of violence.

Fourthly, President Aquino has made it clear she abhors the idea of resorting to violence in dealing with social unrest despite increasing media criticism that she is "too compassionate" towards opponents who once ruled with an "iron fist."

Some Marcos followers here pin their hopes on a gradual weakening of the Aquino government prompting the military, led by Defense Minister Juan Ponce Enrile, to stage a coup, which could enable Marcos to return to power. Aquino insiders consider this unlikely, although they are apprehensive about Mr Enrile, a close Marcos intimate for 20 years until he joined General Fidel Ramos in a military mutiny 22 February which resulted in Marcos's overthrow 25 February.

The ex-president reportedly relies on two men to keep the Marcos fires burning here--ex-Foreign Minister Arturo Tolentino and ex-Labor Minister Blas Ople.

Mr Tolentino Monday claimed that with his boss in Honolulu, he was now the acting Philippine president since before the revolt the Parliament had declared himself and Mr Marcos the winners of a 7 February presidential election allegedly rigged in Mr Marcos's favor.

Mr Ople predicts President Aquino's fall in 60 days and the subsequent oath-taking of Mr Tolentino as duly elected vice-president and acting president before an outdoor crowd of "at least two million."

Analysts are however convinced the Marcos era is over and the once invincible New Society Movement (KBL) party a hopeless wreck and that Mrs Tolentino and Ople are beating an empty drum. They believe that the central fact of Philippine politics remains Corazon Aquino's overwhelming popularity and that "people power" buttressed by the Roman Catholic Church is more than a match for the military.

#### 'Rump Session' Thought Irrelevant

HK170253 Quezon City DZFM Radio in English 0000 GMT 16 Apr 86

[Text] Nothing will come out of the rump session held by the [words indistinct] Batasang Pambansa last Monday. An opinion survey conducted by the PNA [Philippine New Agency] showed that the people consider the session ridiculous, funny, a waste of time, and an exercise in futility. [Words indistinct] said it was a defiant (?move against) the established government, which is already recognized and accepted by the people.

The survey involved direct interviews from a cross-section of society in various parts of the country. The interviews were conducted by NPA reporters in Metro Manila and bureau chiefs in the provinces.

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CSO: 4200/926

MARCOS GENERALS REASSIGNED TO THINK TANKS

HK160918 Manila PHILIPPINE DAILY INQUIRER in English 13 Apr 86 pp 1, 2

[Article by Bing Formento]

[Text] Thirteen of the 20 so-called Marcos generals who were "frozen," following the assumption of office of President Aquino have been assigned to "think tanks" created by the military in the continuing effort to revitalize the armed forces.

Five--Brigadier Generals Antonio Palafox, Alexander Felix, Luther Custodio, Renato Ecarman, and Tomas Dumpit, who has been charged with carnaping--were left out in the cold. Brig Gen Isidoro de Guzman, former Central Luzon Regional Unified Command chief, applied for retirement. Brig Gen Fidel Singson was named acting deputy PC [Philippine Constabulary] chief.

The following study committees and the corresponding designations were released to the press by Col Luis San Andres, chief of the AFP's [Armed Forces of the Philippines] Civil Relations office.

--Committee to streamline general headquarters, major service headquarters and other garrison units: Brig Gen Felix Brawner, chairman, Brig Gen Artemio Tadiar, Jr, vice chairman;

--Committee to improve the armed forces' procurement system: Commodores Juanito Veridiano and Ernesto Arzaga, co-chairmen;

--Committee to study the armed forces' training programs for troops engaged in protecting public safety and in the insurgency campaign: Brigadier Generals Roland Pattugalan and Jose Ma. Carlos Zumel;

--Committee to study PMA [Philippine Military Academy] training systems on procurement of cadets, curriculum, including a preparatory college level course, personnel support and other administrative requirements: Brig Gen Jaime Echeverria, chairman;

--Committee to study anti-terrorist tactics and standardize units in such special operations: Brig Gen Victor Natividad, chairman;

--Reservists' development committee to rationalize the reserve development programs of the armed forces: Brig Gen Edon Yap, chairman;

--Committee to study the improvement of communications links in the armed forces and the production of tactical radio units: Brig Gen Jose Bello, chairman;

--Health service committee: Brigadier Generals Evaristo Sanchez and Angel Sadang; and

--Committee to study economic development activities in the military: Brig Gen Carlos Malana, chairman; and Col Ernesto Sacro, vice chairman.

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CSO: 4200/926

PRESIDENT LISTS NET WORTH AT P17.7 MILLION

HK171059 Hong Kong AFP in English 1041 GMT 17 Apr 86

[Text] Manila, 17 Apr (AFP)--President Corazon Aquino Thursday declared a net worth of 17.7 million pesos (863,414 dollars), listing as assets investments, two houses, cash, jewelry, paintings and landholdings.

The most valuable asset declared by Mrs Aquino was a cluster of investments worth 7.85 million pesos (382,926 dollars), followed by an estate in the United States where her late husband Benigno Aquino lived in exile for 3 years before he returned and was assassinated here in August 1983. The estate, located in Massachusetts, was bought for \$250,000 and was reportedly on sale for twice that amount.

Mrs Aquino, whose net worth is less than that of five of her cabinet ministers, made the declaration under a self-imposed government policy of making personal assets and liabilities public.

The policy, aimed at preventing corruption, was suggested by leading newspaper columnists here, who told their readers to note who among their leaders got richer after serving a 6-year term on a meager salary.

As president, Mrs Aquino draws a net monthly salary of 8,333 pesos (about 406 dollars), while cabinet ministers earn a little less than 8,000 pesos.

Philippine investigators have charged that deposed President Ferdinand Marcos, now living in exile in Hawaii, plundered the country's economy during his 20 years in power.

The cabinet members richer than Mrs Aquino are Tourism Minister Antonio Gonzalez (81.5 million pesos), Trade and Industry Minister Jose Concepcion (31.4 million pesos), Finance Minister Jaime Ongpin (28.77 million pesos), Defense Minister Juan Ponce Enrile (23.5 million pesos) and Vice President and Foreign Minister Salvador Laurel (19.4 million pesos).

The president was just a cut above Agriculture Minister Ramon Mitra (17.25 million pesos). The poorest cabinet member was presidential spokesman Rene Saguisag whose self-declared net worth was 450,000 pesos (21.951 dollars).

Mrs Aquino, who released her statement of assets and liabilities to Mr Saguisag, also declared cash in hand and in banks totalling 4.4 million pesos (214.634 dollars) and "interest in land and improvements" in five areas totalling 3.12 million pesos (152,195 dollars).

The latter interests were not identified, but she is known to be a part owner of Hacienda Luisita, a modern sugar plantation in her home province of Tarlac north of here.

Her assets totalled 22.117 million pesos (1,078,878 dollars), as against liabilities of 4.397 million pesos (214,487 dollars).

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CSO: 4200/926

REPORT NOTES PROCESS, FEARS IN HUMAN RIGHTS PROBE

HK161302 Manila PHILIPPINE DAILY INQUIRER in English 14 Apr 86 pp 1, 2

[Article by Bing Formento and Glenda Gloria]

[Text] Many armed forces officers have expressed apprehension that the re-opening of human rights cases against military and police personnel may lead to a "polarization of society."

According to INQUIRER sources, a number of military and police officials believed to have been involved in human rights abuses now hold sensitive positions in the armed forces hierarchy.

The same sources added that they fear a clash may result between military and civilian authorities should the government decide to investigate alleged human rights violations committed by AFP [Armed Forces of the Philippines] men.

"We're uneasy," a military officer, who requested anonymity, told the INQUIRER.

"We were merely following orders even if these were against our will," he explained emphasizing that most of the abuses were committed during the Marcos regime.

According to the sources, the most concerned officials are those who used to belong to "notorious" units of the military. These include the Metrocom [Metropolitan Command] Intelligence and Security Group (MISG), Metrocom Security Unit (MSU), Presidential Security Command (PSC), and the National Intelligence and Security Administration (NISA).

Jose W. Diokno, chairman of the presidential committee on human rights, told the INQUIRER in an exclusive interview that the commission has already presented to President Aquino recommendations on how to deal with persons found guilty of committing human rights abuses.

He said one of the issues involved in this particular aspect is the question of command responsibility which, sources said, has been creating a "disturbance" within the military hierarchy.

Diokno said his committee is prepared to go "as far as the evidence can take us" and added no one will be spared.

He hoped the efforts of his committee could provide "some compensation" for the victims of human rights abuses as well as serve as deterrent for future human rights violations in the country.

The military sources said at least 1,000 civilians, including women and children, were either killed or wounded in 128 human rights cases allegedly perpetrated by soldiers and paramilitary troopers during the last 7 years of the Marcos era.

According to the sources, some of the incidents include massacres.

The heaviest death toll was listed in the massacre in Sag-od, Las Navas, Northern Samar, on 15 September 1981. At least 45 residents were slain reportedly by members of the military's "Special Force" led by a certain Commander Brown and CHDF [Civilian Home Defense Forces] men.

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CSO: 4200/926

REGIONAL UNIFIED COMMANDS 'MAY BE SCRAPPED'

HK170719 Manila THE MANILA EVENING POST in English 15 Apr 86 p 1

[Article by Ed Malay]

[Text] The Regional Unified Commands (RUCS) which former Armed Forces Chief of Staff Gen Fabian Ver established throughout the country may be scrapped.

A very reliable military source told the MANILA EVENING POST that a comprehensive study on the overall structure of the New Armed Forces of the Philippines (NAFP) is currently being prepared by a committee that was formed by the military establishment to determine the course of action that will be taken to reorganize the NAFP.

The source said the committee members shared the consensus that the existence of the RUCS had resulted in bureaucratic red tape because of their functions which overlap those being exercised by other regional commands of the military establishment.

The creation of the RUCS which was the brainchild of Ver, according to the source, was part of Ver's plan to gain complete control of the country's military forces. The RUCS were set up throughout the 12 regions of the country shortly after Ver assumed the position of chief of staff of the AFP.

Ver's plan to impose a military dictatorship became evident when known associates of Ver were placed in command of these RUCS. The source said the committee would most probably recommend the return to the previous organization of the military in which the authority in the maintenance of the peace and order campaign of the government is vested in the provincial commanders of the Philippine Constabulary.

Prior to the creation of the RUCS, the military establishment's four major branches operate independently of each other with the activities of the Philippine Constabulary being coordinated by the different zone headquarters, while those of the Philippine Army rest with the different military area commanding generals.

The 1st PC Zone at Camp Olivas, Pampanga and the PA Military Area headquarters at Camp Aquino in Tarlac at that time covered the Central Luzon and Northern Luzon areas. The 2nd PC Zone at Camp Vicente Lim covered the entire Southern Luzon. The same holds true for other regions of the country.

With respect to the Philippine Navy and Philippine Air Force, the source said these branches operated and maintained naval divisions and strike wings, respectively.

But under the RUC concept initiated by Ver, the source said commanders of all the four major branches reported directly to the RUC commanding general. It was mainly for this reason, he said, that the government's anti-insurgency campaign had faltered because of the apparent communications gap, between the forces loyal to Ver and those loyal to the uniform.

The scrapping of the RUCS, the source said, is also aimed at trimming what he emphasized as the "excess fat" in the NAFP. The overall thrust of the NAFP, the source added, is to streamline its operational structure designed to create a more potent and efficient fighting force to preserve democracy in the country which is currently being threatened by the insurgents.

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CSO: 4200/926

PHILIPPINES

MNLF SUPPORTERS HOLD 3-DAY RALLY TO URGE NEGOTIATIONS

HK170925 Manila THE NEWS HERALD in English 16 Apr 86 p 3

[Text] Cotabato City--Some 20,000 members and supporters and sympathizers of the Moro Islamic Liberation Fund (MNLF) yesterday began a 3-day rally here to prod the Aquino government to start immediately peace negotiation.

Chanting "Allahu Akbar" and almost blocking the city's thoroughfares the rallyists came from the province of Sultan Kudarat, Maguindanao and Cotobato. They brought with them personal belongings and food provisions.

The rallyists are demanding the implementation of a provision of the Tripoli accord with calls for the strengthening of the ceasefire committee with assistance from the Organization of Islamic Conference represented by the quadripartite ministerial commission. "We are for peace if peace is still attainable," read one of their placards.

Another demand includes the creation of a committee to study in detail the points left for discussion in reaching a solution to the Mindanao problem in conformity with the provisions of the Tripoli agreement.

The committee will [words indistinct] of representative from the Philippines Government and MNLF they aid.

In a manifesto the MNLF, headed by Hashim Salamat, is the true and legitimate representative of the Muslims in Mindanao.

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CSO: 4200/926

PAPER REPORTS ON LOCAL-LEVEL TALKS WITH NPA

HK130052 Manila PHILIPPINE DAILY INQUIRER in English 10 Apr 86 pp 1-2

[Article by Belinda Olivare-Cunanan]

[Text] A multi-sectoral national commission is presently being formed by the Aquino government to oversee the ticklish negotiations for amnesty and ceasefire with the New People's Army, even as the first batches of rebels are expected to return to the government fold today in Cebu and tomorrow in Bacolod City. The commission is expected to formulate guidelines for amnesty and ceasefire, so that negotiations with the dissidents could move faster. Right now various local groups are doing the spade work, but without official imprimatur.

Malacanang sources said that a number of prominent Church and civic leaders have been sounded out about joining the commission, and "positive responses" have been secured from them. Among the Church leaders being mentioned are Fathers Bienvenido Nebres and Emeterio Barcelon, both Jesuits, and Davao civic leader Chito Ayala. Negotiations are also said to be under way between rebels and civic groups in a number of other places, notably in Davao City. Sources also said some ranking Church leaders are talking to some prominent rebels as intermediaries for the government, following feelers sent by the rebels.

Yesterday, Political Affairs Minister Antonio Cuenco announced that some 100 former rebels, "30 of them hard-core," will give themselves up today to government representatives in Catmon, some 40 kilometers from Cebu City. The former rebels, who wish to be called "returnees" and not "surrenderers," operated in "Durano country"--the towns of Asturias, Catmon, Sugod and Balamban ruled by politician Ramon Durano. Cuenco also said that over a thousand rebels are rejoining the government in Bacolod City tomorrow, after successful talks with Brig Gen Dionisio Tan-Gatue, RUC [Regional Unified Command] VI chief.

In Davao City, a group of businessmen, church leaders and the military man is said to be scoring progress in talks with NPA rebels, who are said to be housed in government safehouses.

In Nueva Viscaya, dissidents have sent feelers to the Defense Ministry, sources said, and that Camp Aguinaldo, in turn, has requested church leaders in the area to verify the reports.

The Davao City group has firmed up a plan for "rehabilitation, reentry and resettlement" of rebels.

TRIBESMEN THREATEN TO ATTACK NPA GROUP

HK170751 Manila THE NEWS HERALD in English 16 Apr 86 pp 1, 6

[Article by Eric Gallego]

[Text] Claveria, Misamis Oriental--Higaonon warriors, restive over the recent attack by New People's Army guerrillas on their village, threatened yesterday to mount a suicide attack to rescue some 200 fellow tribe members being held prisoners by the rebels somewhere at Mount Balatokan near this town.

The 200 tribesmen, it was learned, were taken at gunpoint by a group of 50 armed men during a raid on baranggay Pelaez last month. The tribesmen, including elderly men, women and children, were made to walk for 3 days with their hands tied behind their backs into a rebel camp where they are now employed as "slave workers" in a communal farm, reports said.

Datu Mankuyao, 34, the tribes chief, told NEWS HERALD in an exclusive interview, that he had sought the help of other cultural minorities in Bukidnon and Misamis Oriental for a daring attempt to free the hostages. He said his warriors are grouping in preparation for a mission. Many warriors of allied tribes have signified their willingness to join.

Based on the information he gathered, the kidnapped tribesmen were taken by the armed men to Sitio Siloo, baranggay Minlangit, near the boundary of Manolo Fortich, Buddidnon, and Claveria, Misamis Oriental.

He said he had informed the regional unified commander, Brig Gen Mariano Adalem, about the incident but it seemed that no action had been taken by the government troopers.

Air Force Col Ernesto Ponce, spokesman for Regional Unified Command 10, said the military here is merely taking orders from Camp Aguinaldo. He said military operations cannot be conducted without clearance from higher authorities especially since the new government is working for reconciliation with the rebels.

According to Datu Mankuyao, the Higaonon tribe pins its hopes on government troopers to rescue the 200 tribesmen from the rebels. However, the tribal warriors are prepared to stage a suicide attack anytime to free the hostages should the government fail.

He said his wife and three children, one of them an 8-month-old baby, were among those kidnapped by the rebels.

The bolo-wielding tribal warriors felt agitated after three of the hostages managed to escape from their captors early last week to narrate their ordeal. The escapees, identified as Feliciano Buad, 22; Francisco Gawad, 17; and Elpidio Humagon, 17, said many of the children and women are sick in the communal farm due to exhaustion aggravated by the absence of food and medicine.

They said they were forced to work in a farm to sustain food supplies of the rebels. They said, however, that food was scarce in the camp. They were only allowed to eat root-crops twice a day. They said "a group of six persons is allocated only one baseball-size yam for consumption for one day."

They said one child had died of a respiratory illness when they left the camp while more children were sick.

Mankuyao said since he renounced his ties with the rebels, the Higaonon tribe community has become vulnerable to attacks and extortion from the NPA.

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CSO: 4200/926

PHILIPPINES

18 KILLED IN PHILIPPINE ARMY, NPA BATTLE IN ALBAY

HK181033 Hong Kong AFP in English 1003 GMT 18 Apr 86

[Text] Manila, 18 Apr (AFP)--Eighteen soldiers were killed and eight wounded in an ambush staged by communist guerrillas in an eastern province Friday, the state-run PHILIPPINE NEWS AGENCY (PNA) reported here.

The ambush occurred in the outskirts of Oas Town, some 300 kilometers (180 miles) east of the capital, in Albay Province, PNA said but did not provide further details.

Military spokesmen in Manila could not immediately confirm the report.

Manila newspapers reported earlier Friday heavy fighting between soldiers and NPA insurgents in a southern village, but military spokesmen here said they were unaware of the battle.

The papers cited Army sources here as having said Army Rangers backed by helicopter gunships had been locked in a fierce battle during the past 2 days with some 400 New People's Army (NPA) communist insurgents in the village of Upper Mainit on the southern island of Mindanao.

One soldier was wounded and two others are missing, the papers said.

The reports described the rebel formation as the biggest encountered by the military so far this year, and said fresh troops were being rushed to the area.

The government is currently seeking to set up preliminary talks with the communist underground to pave the way for ceasefire talks with the NPA.

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CSO: 4200/926

PHILIPPINES

ARMED FORCES REINFORCEMENTS SENT TO LAGUNA AFTER ATTACK

HK161304 Manila MANILA BULLETIN in English 15 Apr 86 p 5

[Text] New AFP Chief of Staff Gen Vidal V. Ramos ordered reinforcements sent to Laguna in the wake of an NPA attack on the Pagsanjan Town Hall and police station last Saturday, 12 April.

Ramos motored to Sta Cruz and Pagsanjan towns and directed Brig Gen Restituto Padilla, 2nd Infantry Division commanding general and concurrent commander of RUC [Regional Unified Command] 4, to field a sizeable portion of the 16th Infantry Battalion to track down the 70-man NPA band that murdered police Cpl Mauro Babaan and looted the police station and the municipal hall of typewriters, television sets, police and military uniforms, public records, and firearms, including four armalite rifles.

In Pagsanjan, newly installed town OIC Hernando G. Zaide reported to Ramos that the olive-green-clad NPAs apparently had a ready "death list." Thus they singled out Cpl Babaan among the other policemen in the station, brought him to the investigation room, and there shot him in the back.

Zaide also observed that the NPA raiders took along with them mostly records of the towns tax assessments and tax payments. The NPA interest in these records was viewed by military officials as a prelude to an NPA drive to impose their so-called "progressive taxation" on the people.

By mid-afternoon, Lt Col Francisco Zubia Jr, the Laguna Constabulary provincial commander and police superintendent, was able to turn over to the town OIC most of the looted equipment and clothing recovered from the fleeing insurgents.

Zubia who immediately dispatched a PC [Philippine Constabulary] team after the NPAs reported to Ramos that while his men engaged the enemy in a firefight somewhere along the boundaries of Sta Cruz, Pagsanjan, and Magdalena town, also in Laguna, he could not be certain what casualties the NPAs suffered because only traces of blood were found on their trail.

After thanking the military and police authorities for their speedy action, Zaide said that he now understands the reported reluctance of some military officials to release top NPA leaders. He lamented the fact that only the government was sincere in its reconciliation efforts while the NPA continued its campaign of terror.

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CSO: 4200/926

PHILIPPINES RAPS 'STRINGS' TO U.S. FOOD PROGRAM

OW171231 Tokyo KYODO in English 1159 GMT 17 Apr 86

[Text] Manila, 17 Apr (KYODO)--The Philippine Government's National Food Authority (NFA) may reject a \$50 million American public food aid program offered this year for its alleged "strings attached." NFA administrator Emil Ong said that his financially strapped agency may seek other softer loans, particularly from the Japanese Overseas Economic Cooperation Fund (OECF), if the program sticks to its stringent conditions for loans to be released.

Ong revealed that the program public law 480 has soft terms and low interest rates, but is actually intended to dump American agricultural surplus products in Third World countries like the Philippines. He explained that the country can only avail of the loan, which has been increased from \$35 million last year, if it uses the amount to buy soybeans, wheat, rice and corn, which are all surplus crops in the United States. Ong said, "We could never accept rice and corn as we are expecting a bumper harvest this year."

He pointed out, however, that the loan is so tempting as NFA does not have to pay it immediately with a grace period of 10 years, after which a soft 3 percent interest of 300 million pesos will be collected in the succeeding 20 years.

He said the country needs some 700,000 long tons of wheat or its equivalent in flour volume per year, or about 2.1 million bags of flour. Ong said that the flour millers also want to avail of the loan through NFA serving as a conduit since they could not afford to transact in cash as required for the private sector.

The NFA, therefore, will sell the same wheat to the business sector at a 3-percent interest with a 1-year payment period, while earnings and the loan itself will be used for rice procurement and other NFA operations.

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CSO: 4200/926

MINISTER TELLS SUGAR INDUSTRY 'U.S. MARKET OUT'

HK111540 Quezon City BUSINESS DAY in English 7 Apr 86 p 12

[Article by Minfa Leonardia]

[Text] Bacolod City--President Ronald Reagan's representative, Philip Habib, has confirmed that it is impossible for the Philippines to recover its lost sugar export quota to the United States.

This was revealed by Agriculture and Food Minister Ramon Mitra to the sugar industry in his speech during Saturday's induction of Negros Press Club officers here. Mitra said he had talked to Habib and had cleared his statement with President Corazon C. Aquino.

"The U.S. market is out," Mitra stressed.

The United States used to allocate 1.68 million metric tons of sugar to the Philippines. The Philippine quota for this cropyear has been reduced substantially to only 200,000 metric tons.

Habib, Mitra said, told him that the United States had already allocated such sugar requirement to other friendly countries. Another reason, he said, is the constricting demands for sugar in the U.S. market because of the increasing shift to its substitutes.

Mitra also advised sugar producers here to face the reality that the industry is now "grossly overcrowded and diminishing" and in fact a dying one, and recommended the closing of several sugar mills.

There is very little hope of overcoming the principal problems which the industry faces such as low world prices and demand and the futility of hoping for any increase in the U.S. sugar quota, Mitra said.

Mitra's statements contrasted with those of Fred Elizalde, head of the sugar task force created by President Aquino, who, in a dialog with sugar producers here last month, had raised hopes of an increase in the U.S. sugar quota. Elizalde also mentioned talks with U.S. government representatives which he said had been quite encouraging.

Mitra also discussed the measures to solve the problems of the industry, which were presented at another meeting of sugar producers here called by a special committee headed by Ernesto Rodriguez Jr and Jose B. Ramos.

Among the measures were the abolition of the Philippine Sugar Commission, the setting up of a cooperative body, the adoption of a quota system, the return to free trading and the reduction of tariff, and the relocation of refineries.

He, however, called these measures as mere palliatives which do not address the core of the problem. The industry has to make certain "unpalatable but unavoidable decisions," he stressed.

Among these, he said, will be the closing of several sugar mills. "We cannot escape the fact that there are too many mills," he said.

He mentioned Indonesia and China as potential buyers of the excess mills. He also criticized the previous administration for what he called its "exuberance in approving 15 new and unnecessary mills" which he said had contributed to overproduction.

"What must be faced is that the government will not subsidize nor support the continuance of the excess milling capacity," he emphasized.

The agriculture and food minister also urged Negrenses to look towards diversification more seriously and assured the 100 percent support of his ministry for any such effort.

He also suggested that the planters explore the possibilities of soybeans, coffee, sorghum and nuts for which, he said, the ministry was ready to assist by facilitating technology, credit and marketing.

Such efforts, he said, will be complemented by the recent move towards privatization through the removal of government controls as shown by recent steps taken by the president to break up the monopolies set by the previous administration.

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CSO: 4200/926

PHILIPPINES

MINISTER RECOMMENDS 15 SUGAR MILLS CLOSED

OW151055 Tokyo KYODO in English 1044 GMT 15 Apr 86

[Text] Manila, 15 Apr (KYODO)--Some 15 sugar mills, mostly owned by an associate of deposed President Ferdinand Marcos, were recommended for closure Tuesday by Agriculture and Food Minister Ramon V. Mitra Jr for alleged rampant anomalies and inefficiency.

Mitra told KYODO News Service that the 15 mills form about one-third of the sugar mills in the country. The "mothballing" of the sugar mills, he said, is also aimed at investigating their spurious records.

Mitra pointed in particular to reports that most of the mills were linked to 6 billion pesos worth of missing sugar amounting to over 21 million piculs. This amount forms part of the government's quedan financing program intended to bail out distressed sugar farmers and planters.

Roberto S. Benedicto, Marcos associate who owns most of the mills, has been accused recently of padding by 100 percent the costs of some 10 sugar mills, eight of which were built in a project contract with Marubeni Corp.

Marubeni sought the help of other Japanese construction firms, while the loans to finance the project came mainly from the Philippine National Bank (PNB).

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## PHILIPPINES

### TASK FORCE TO INVESTIGATE COCONUT HOLDINGS

HK070829 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 2 Apr 86 p 9

[Article by Rose Dela Cruz]

[Text] The government has organized a special task force to look into the equity holdings of businessman Eduardo Cojuangco Jr in the United Coconut Planters Bank [UCPB], and the United Coconut Oil Mills (Unicom).

According to official sources, the task force will zero in on how Cojuangco got the equity holdings in the said businesses and whether these holdings were funded by coconut levy proceeds.

The job of the task force is independent from the Commission on Audit (COA) probe on the possible diversion of some P9.7 billion in coconut levy funds proposed by the Philippine Coconut Authority (PCA).

New PCA Chairman Oscar Santos said he has requested the audit of the "levy" to also determine whether it had benefitted farmers, whom he described as "the real owners of the fund."

The task force investigating Cojuangco's personal holdings in UCPB and Unicom is composed by representatives from the Trade and Industry Ministry, PCA, Agriculture and Food Ministry and the Central Bank.

An audit undertaken earlier by the PCA showed that some P02.57 billion of the levy was used for the Coconut Industry Investment Fund, which acquired mills that were taken over by the Unicom. The fund was administered by the UCPB.

Another P2.15 billion was used as subsidy for coconut-based products from 1973 to 1978, when the local prices of coconut oil were high. The fund was administered by the PCA.

The Coconut Industry Rationalization Program (CIRP) got some P1.18 billion of the levy funds. This amount, administered by the Unicom, was used to increase by P0.60 a kilo the millgate prices of copra for 27 May-6 November of 1980, when the prices of copra reached a low of P1.40 a kilo.

Another P1.15 billion of the levy was earmarked for the Coconut Industry Development Fund (CIDF) to defray the cost of planting hybrid seednuts on some 55,952,70 hectares at the average cost of P20,500 per hectare.

The CIDF was administered from 1974 to 1978 by the National Industry Development Corp. (NIDC) and from 1978 to 1982, when the levy was suspended, by the UCPB.

Proceeds of the levy were also used in the following: P173.14 million as payment of premium duty on exports of coconut products; P242.89 million for the research and development programs of the PCA; P52.52 million for distribution of fertilizers to farmers participating in the coconut replanting program; P28.88 million for the acquisition in 1975 of the controlling equity interest in the First United Bank (now UCPB); another P80.86 million as additional equity to UCPB and P5.776 million as subscription deposit to UCPB; P694,833.81 for the costs of printing and distribution to 353,302 farmers of UCPB shares of stocks.

Some P759.91 million was used for the developmental and socioeconomic projects of coconut farmers (administered by the Philippine Coconut Producers Federation or Cocofed; P23 million for the convention of 98 provincial chapters and 992 municipal chapters of Cocofed.

An insurance fund of P994.94 million was used for the insurance premiums of 493,636 farmers insured with Cocolife; another P144.922 million was used to finance the establishment and operation by Cocofed of the Cooperative Collecting Centers (Coconark).

The PCA, likewise, spent P40 million for the construction of the "Ang Tahanang Maharlika" (Coconut House), and another P50 million for the establishment of the Lungsod ng Kabataan Hospital, both projects of former First Lady Imelda R. Marcos.

Some P38.97 million were used to pay certain liabilities of mills that were acquired by Unicom.

The PCA also invested some P2.66 million of the levy in research projects which proved the technical feasibility of an aqueous process of producing water-white oil and protein material from coconut.

The technology, called the Hagenmaier Aqueous Coconut processing project, was later transferred to the private sector and adopted on commercial scale.

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CSO: 4200/926

## PHILIPPINES

### COCONUT FARMERS OPPOSE 'AMBIVALENT' GOVERNMENT MARKETING POLICY

HK110328 Manila MANILA BULLETIN in English 7 Apr 86 p 15

[Text] Coconut farmers are up in arms against the apparently ambivalent policy of the Philippine Coconut Authority [PCA] on the lifting of the copra export ban.

Jose Eleazar, a director of the Philippine Coconut Producers Federation (COCOFED) and former board member of PCA, said over the weekend that inconsistent statements made by PCA officials on the copra export ban has been causing uncertainties and confusion in the domestic copra market.

He regretted statements by PCA officials to the effect that the lifting of the copra export ban was only temporary measure and may be reimposed again if proven to have adverse effects on the oil milling sector. With these statements, Eleazar said, the government is in effect "telegraphing its punches or strategies to foreign buyers," he said. "How can you expect foreign buyers to come in and buy our copra if they have no assurance that copra exports will be maintained for a long time," he said.

Openly saying that copra exports are only temporary will make foreign buyers hesitate to buy copra from the Philippines, Eleazar said. Foreign buyers may then dictate their own quotations for Philippine coconut oil and copra exports if they feel that the country has more than ample stocks of these commodities, he said.

Another COCOFED director who requested anonymity said the PCA should be firm when it issues any policy affecting the industry. The PCA, he said, should have remained silent on the duration of the lifting of the copra export ban even if it is weighing the long-term adverse effects of copra exports. Foreign buyers cannot be expected to go all out in the purchase of the country's copra if they doubt that the government's policy allowing copra exports is double-bladed, he said.

It was learned that copra prices in various parts of the country have not significantly improved yet due to relatively sluggish copra trading which, in turn, is attributed to uncertainties prevailing over copra exportations.

Eleazar also lamented the statements earlier made by PCA Administrator Felix Duenas depicting the concern of oil mills about possible difficulties in getting copra for their operations.

He said copra supply should not be a cause for worry since there is more than enough supply of the commodity.

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CSO: 4200/926

BALANCE OF PAYMENT DEFICIT DECLINES IN 1985

HK170653 Quezon City BUSINESS DAY in English 16 Apr 86 p 2

[Article by Rigoberto D. Tiglao]

[Text] The country's deficit in its current account balance of payments (BOP)--the shortfall in international transactions covering goods and services--declined in 1985 to \$81 million from the previous year's \$1.1 billion mainly as a result of a drastic contradiction in imports and the turning in of tourist and overseas workers' dollar remittances to banks, Central Bank [CB] governor Jose B. Fernandez Jr said in his first official report to President Corazon C. Aquino submitted 31 March.

With agreements signed last year for the rescheduling of \$2,846 million in loans, which are translated in the country's BOP accounts as loan inflows, the country posted an overall balance of payments surplus of \$2,389 million, according to the CB's 1985 annual report.

The country's trade deficit only slightly improved last year, with the difference in exports and imports declining to \$486 million from the 1984 gap of \$679 million. "Imports dropped by \$956 million to \$5,114 million as domestic economic activity remained generally sluggish throughout the year and demand for certain import-dependent exports weakened," Fernandez pointed out in his report. Fernandez noted that despite the sharp drop in capital goods imports (which dropped by \$358 million) and imports of raw materials and intermediate goods (down by \$437 million), consumer goods imports rose by \$73 million mainly because of increased rice purchases.

The country's export thrust failed miserably last year, with total exports plunging by \$763 million or 14 percent to only \$4,628 million. Fernandez attributed the drop in exports mainly to international factors such as the softening of prices for coconut oil (which cut exports by \$233 million) and the expiration of long-term contracts for sugar. Electronics, which had been the single largest source of export earnings in the past several years, dropped \$273 million due to an inventory pile-up in major markets. The country service account--the bottom line for payments and receipts from such transactions as payments for interest on loans, tourist receipts, and overseas workers' remittances--fared better last year with the \$823 million deficit in 1984 reversing to a surplus of \$26 million. Despite

the drop in tourist arrivals as political instability frightened off foreign visitors last year, tourist income climbed \$140 million. Similarly despite the reduction in the number of Filipino workers overseas--from 425,081 deployed workers in 1984 to 356,960 last year--income remittances increased by \$35 million. The CB attributed these developments to the "narrowing of the differential between the official and parallel rates" which encouraged the sale of dollars to official banking channels rather than to the black market.

According to the CB report, the country's total foreign debts increased \$883 million last year to \$26.252 billion from the end-1984 level of \$25.418 billion to as a result of the new loans under the International Monetary Fund (IMF) standby arrangement, the new money facility from the bank creditors, and the banks' dollar deposits with the CB under the revolving trade facility. [sentence as published] During the year, according to the CB report, the country settled in full outstanding arrears with foreign creditors amounting to \$2.2 billion.

Fernandez's report showed that monetary authorities were firmly in control of the money supply throughout 1985, with the reserve money (which determines total money supply) being reduced in the first part of the year and later on being allowed to expand to the P38 billion level as the government started to adopt an expansionary policy to stimulate economic growth.

The CB report, however, indicated that the tight monetary policy clearly dampened business financing, with total outstanding loans of commercial banks declining by P25.3 billion in the 12 months through September.

Loans from the CB were almost entirely accounted for either by the government or by distressed financial institutions. "The public sector continued to be a major borrower of the CB, accounting for P66.3 billion or 76 percent of outstanding CB credit," the CB said. CB loans to the national government, mainly in the form of provisional budgetary advances in 1985 amounted to P32.5 billion while loans to government financial institutions and corporations (partly used to cover the counterpart peso deposits for foreign loans) amounted to P33.8 billion.

The government's borrowings from the CB were made despite a 16 percent increase in total government revenues which hit P67.4 billion last year. The increase in revenues was attributed to the implementation in November of several provisions of Presidential Decree No 1991 including the imposition of a new sales tax and the improvement in tax administration.

Fernandez in his report also went over figures submitted by the National Economic and Development Authority (NEDA): real gross national product (GNP) declined 4 percent in 1985; unemployed Filipinos as of the third quarter 1985 totaled 1.5 million for an unemployment rate of 7.1 percent; while the average annual inflation rate for 1985 was 23.1 percent.

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CSO: 4200/926

GROUP PREPARED TO INFUSE CAPITAL FROM ABROAD

HK170557 Quezon City BUSINESS DAY in English 16 Apr 86 p 2

[Article by Abrino Aydinan]

[Excerpt] The surge of patriotism unleashed by the "February Revolution" grips even those Filipinos who have found their fortunes in foreign shores. In fact, some Filipinos who have made their mark in the highly competitive American business arena are not only bringing back to their homeland what they have earned during a compelled or self-imposed exile abroad but are attracting Americans to invest in the Philippines as well.

These Filipinos are members of FIND which stands for Filipino Investments for National Development. The name, leader Benjamin C. Maynigo explains, aptly points to the four-pronged thrust of their mission, namely to find business projects to support in the country, incentives for business now available that they could exploit, investments they could marshal at their end, and local partners for joint ventures.

The group talks of an investment portfolio of \$2.5 billion that is available to existing or yet-to-be-set-up Philippine enterprises over the next 5 years. The timeframe refers to the term of President Corazon C. Aquino's government for which the United States-based Filipino businessmen say they are bringing their support. Maynigo, who has been in town for the last 3 weeks, says that in this trip alone, his group is ready to infuse some \$100 million capital from abroad.

The FIND group relies on the resources and business connections of the Asian Pacific American Chamber of Commerce (APACC) which President Ronald Reagan has described as "the fastest growing ethnic business organization" in the United States. The chamber is the beneficiary of the U.S. federal government's subsidy for ethnic (non-Western European) and small American business. Filipino-American and Asian-American (the chamber includes members for the Japanese and new industrializing Asian economies' business communities) capital is going to be tapped to support Philippine economic development, Maynigo says.

FIND's investment thrust is in agriculture in line with the Aquino government's priority, but the group will also go into export-oriented as well as import-substitution industries in keeping with the members' politics and ideology: a bias for nationalist industrialization. While the orientation is toward small, labor-intensive business development, this would not prevent the setting up of relatively high-technology industries, Maynigo says.

Maynigo's and his FIND partners' politics is populist and their ideology socialistic, specifically the Western European variety of socialism. Thus, they advocate profit sharing or employees' stock ownership in enterprises they would put their investments in. They owe this orientation to the Christian Social Movement and the Movement for a Free Philippines where they are members. Maynigo was founding chairman of the Young Christian Socialists of the Philippines during the student power revolt of the late 1960s and early 1970s.

Maynigo says the economy, ravaged by 20 years of abuse by the Marcos clique which appropriated for themselves enormous amounts of resources, has no choice but to rely on investments from abroad. But, he adds, foreign investments should not detract from Filipino control of industries and government policy should provide for gradual repatriation of foreign investors' profit "with limitation." Part of the profits earned by foreign investors should always be plowed back into the domestic economy, he says.

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## PHILIPPINES

### WORLD BANK PLANNING \$280 MILLION IN FRESH LOANS

HK170757 Manila MANILA BULLETIN in English 16 Apr 86 p 15

[Text] The World Bank plans to provide some \$280 million in fresh loans to the government of President Corazon Aquino this year on condition that reforms in the public corporate sector which the regime of ousted President Marcos failed to carry out, be continued.

The World Bank [WB] and another multilateral institution, the Asian Development Bank [ADB], have been sympathetic to the Aquino government and understood its financial requirements.

The WB had just approved a loan of \$69 million while the ADB extended a new loan of \$100 million.

As part of its commitment to the WB and the International Monetary Fund, the previous government had pledged to implement a broad range of reforms in the government corporate sector with emphasis on the rehabilitation of government financial institutions.

The policy also called for the disposal of six government-owned or acquired commercial banks so that the government would cease to compete with the private sector in the banking industry.

Neither of the two had been successfully carried out and the fall of Marcos left the policy actions hanging.

As part of the thrust, the WB had called for the consolidation of the Philippine National Bank and the Development Bank of the Philippines, both of which incurred staggering losses for 2 consecutive years.

However, Marcos ignored the plan to merge the two banks and instead allowed both to continue operation in a highly political decision just before the 7 February election.

It is not clear if Mrs Aquino would sustain Marcos' decision although she has already appointed her own people to run both institutions.

Last year, the WB extended new loans of \$104 million to the Philippines mainly to support reforms in the agricultural and financial sectors.

During the same period, gross disbursement by the WB of new as well as previously committed loans reached \$233 million.

While reforms in the agricultural sector have already taken place, particularly the dismantling of the sugar and coconut monopolies, the intended reforms in the financial sector have still to be fully realized.

In the case of the state commercial banks, the previous regime had difficulty finding serious buyers.

But this was mainly Marcos' own doing because he failed to provide a stable government which could attract investments.

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CSO: 4200/926

WORLD BANK LOANS FOR AGRICULTURE TO CONTINUE

HK150958 Quezon City NEW DAY in English 12-13 Apr 86 p 5

[Text] The Central Bank has allowed banks to continue until yearend the granting of World Bank loans to importers of agricultural products without requiring them to put up the peso equivalent their imports' dollar value.

In a memorandum to banks dated 19 March has thus extended the availability of the peso credit line under the World Bank-funded agricultural sector/inputs project loan facility.

The peso credit line, equivalent to \$90 million, was started July last year to accelerate availment of the World Bank's loan facility. Originally, the entire World Bank loan amounting to \$150 million was denominated in dollars. Under this loan, importers availing of the loan are required to put up the peso equivalent of their imports' dollar value.

Some \$90 million of the facility was converted into a peso-denominated facility under which importers were no longer required to put up the peso equivalent of their imports. The peso loans are payable within 90 days from the day of the imports' arrival.

The peso credit line was originally scheduled to end December last year.

The line is available for importers of fertilizers, pesticides, veterinary products, breeding stocks, vegetable seeds, agricultural machinery and spare parts.

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CSO: 4200/926

'TIGHT CONDITIONS' CITED TO REJECT ADB LOAN

OW171215 Tokyo KYODO in English 1143 GMT 17 Apr 86

[Text] Manila, 17 Apr (KYODO)--The Philippine Government spurned Thursday the remaining portions of an Asian Development Bank (ADB) loan for its alleged tight conditions requiring the country to use the amount to buy fertilizers at prices higher than prevailing market rates. Agriculture and Food Minister Ramon V. Mitra said that his ministry may seek other sources of funds to break off temporarily from ADB. "The amount involved is some \$13 million of the unused portion of the total \$102 million loan granted last year by ADB," Mitra revealed.

Mitra said that the ministry will instead seek local financing to justify the recent reduction in prices of fertilizers, which will now be bought from other cheaper sources. He cited, for instance, that the newly-renegotiated price of some 20,000 metric tons of urea supplied by Transammonia Ag, a foreign-based firm, dropped from \$117.64 to \$109.64 per metric ton or a decline of \$8 per metric ton. "This reduction amounts to a minimum savings of \$320,000 for the country," Mitra added.

The second 20,000 metric tons from Transammonia will be determined in May in a bidding scheduled on 25 April, which Mitra said will likely result in much lower import prices.

He argued that the previous agriculture officials under the deposed Marcos regime could not seek favorable prices through biddings with suppliers as they were tied to the stringent ADB conditions.

Mitra said the country could save millions of dollars from its annual consumption of 320,000 metric tons of urea if these are purchased from cheaper sources contracted after biddings are made.

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CSO: 4200/926

LEADING BANKER OPPOSES REPUDIATION OF LOANS

HK170829 Hong Kong AFP in English 0735 GMT 17 Apr 86

[Text] Manila, 16 Apr (AFP)--A leading banker here Thursday cautioned against repudiation of foreign loans obtained by ousted President Ferdinand Marcos, saying this would spell more trouble for the country's battered economy.

Solidbank President Willie Tecson told a business forum here that the Philippines "can never hope to earn enough" from its commodity exports alone to sustain an economic recovery and thus would need more loans in the near future. Mr Tecson told AGENCE FRANCE-PRESSE later his views were shared by most members of the local banking community.

Some members of President Corazon Aquino's cabinet have proposed writing off certain loans obtained during the 20-year Marcos regime, charging that they went to his personal coffers and did not benefit the people. Mr Tecson said he agreed that "on a moral ground some of the loans that were obtained by the previous government should be repudiated." But he added: "Can we afford isolation? We cannot." "If we do, no creditor in his right mind would continue to do business with us," he said.

Mr Tecson suggested that Finance Minister Jaime Ongpin and Central Bank Governor Jose Fernandez--both currently in the United States to renegotiate payments on parts of the country's \$6.2 billion in loans--should plead for easier terms of payment. The banker said they would have a good case for rescheduling and cited recent statistics showing that for 1985 some 54 percent of the country's export receipts were used to service the foreign debt. This year, the debt service ratio is expected to amount to 73 percent of export earnings, he added.

The Philippine economy entered a period of sharp decline during Mr Marcos' last 2 years in power. The former president was toppled by a civilian-backed military revolt in February.

Mr Tecson also commented that Mrs Aquino's cabinet seemed to be "going in different directions" with its statements, thereby confusing local businessmen. He alluded to the business community's apprehension over Labor Minister Augusto Sanchez's criticism of free enterprise in favor of profit-sharing between employers and labor.

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CSO: 4200/926

PESO-DOLLAR EXCHANGE RATES IN PAPERS 'TRULY FLOATING'

HK151001 Manila MANILA BULLETIN in English 12 Apr 86 p 17

[Text] The stable exchange rates now being posted in the newspapers are truly floating and have not been subject to significant government intervention, Chester Babst, president of the Rizal Commercial Banking Corp. [RCBC], said the other day.

He said the current exchange rate is truly reflective of the cost of foreign exchange.

The RCBC chief said the Central Bank [CB] has not been intervening lately except to buy or sell foreign exchange every now and then.

Gone are those days of the CB "washed-out sale" when one government-owned bank buys or sells foreign exchange from another government-owned bank without actual transfer of funds, he said.

These types of transactions resorted to before by the CB were intended to directly influence the movement of the exchange rate, he said.

Babst gave the statements during an open forum following a speech on "Business Funding for 1986" before the Mandaluyong Chamber of Commerce and Industry.

The RCBC chief said bankers once told the CB to stop intervening in the market to influence exchange rate movements.

Various sectors earlier expressed skepticism over whether the peso-dollar rate being posted in the newspapers was truly reflective of the real cost of foreign exchange because of reports of government manipulations of the peso-dollar movements through the participation of government-owned banks in the sale and purchase of foreign exchange.

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CSO: 4200/926

MINISTER ORDERS CHECK INTO CASH ADVANCES TO DIRECTORS

HK150946 Manila PHILIPPINE DAILY INQUIRER in English 12 Apr 86 pp 1, 2

[Text] Agriculture and Food Minister Ramon V. Mitra, Jr has ordered an investigation into "unusually large cash advances" amounting to P6 million incurred by regional directors (RDs) of the Ministry of Agriculture and Food (MAF) shortly before the 7 February presidential election.

The cash advances, which averaged P500,000 per RD, have remained unliquidated, he said.

Mitra said the ministry is still trying to determine how the RDs were able to make such huge advances. He said that considering the timing of the withdrawals, the money could have been used for political ends.

"I shall be talking to RDs who cannot liquidate their cash advances shortly," he said.

In another development, Mitra has ordered MAF personnel to take over the Yulo King Ranch (YKR) in Palawan "on the presumption that the property is owned by the government."

Mitra has also ordered that all deliveries coming out of the YKR ranch be stopped while the MAF conducts an inventory to determine the ranch's actual content.

He said that a herd of 150 head of cattle destined for the Vitas slaughterhouse in Tondo, Manila has been ordered back to the ranch.

"No deliveries will be made for the present time," he said.

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BUSINESSMEN DIFFER WITH ONGPIN'S GROWTH PREDICTION

HK141224 Manila THE MANILA EVENING POST in English 7 Apr 86 p 10

[Article by Marianne Go]

[Text] Local businessmen yesterday poohpooched Finance Minister Jaime Ongpin's boast that the economy would post a 2 percent growth this year. They said Ongpin's prediction that the country would recover from the economic crisis was "too optimistic." Instead, they said that the economy would merely "coast along" this year and probably start recovering next year.

Economic activity will boom only by 1987, assuming the new government has outlined its economic policies and targets by then.

They also cautioned the public against expecting a sudden economic recovery. Economic reforms are long-term processes which do not guarantee instant gratification, they said. If people continue believing that there is such a thing as "instant" recovery, then the country is in for a big surprise, they added.

They also said Corazon C. Aquino and her Cabinet ministers, especially those directly involved with the economy, should reveal their views on free enterprise, the government's role in private business, and labor-management relations.

The call for clear-cut policies came in the wake of controversial statements by Labor Minister Augusto S. Sanchez who had been quoted as saying that "free enterprise is dehumanizing." Sanchez has not made clear if he was expressing official government policy.

Meanwhile, Aurelio Periquet, Jr, president of the Philippines Chamber of Commerce Industry (PCCI) said labor laws should not be based on a policy of confrontational management-worker relationship as he urged the government to amend labor laws. He said labor laws should reflect the "bayanihan" [cooperative] spirit between workers and management for their mutual benefit.

Periquet had likewise expressed alarm over Sanchez's statements which tend to "drive a wedge" between the owner of country's productive assets and labor.

Sanchez's statements, Periquet had said, would worsen industrial unrest, hatred, and cause divisiveness.

For his part, former PCCI President Felix Maramba said he was against profit sharing as suggested by Sanchez as long as it was not mandatory.

Maramba, president of Liberty Flour Mills, said he had implemented one aspect of profit sharing--the employees' stock ownership program--but he said, this scheme failed because the workers sold their stocks to other parties.

Maramba had also called attention to the growing confusion in the country's economic sector in the absence of clear policies which they had expected the new government to announce after it assumed power in a bloodless coup d'etat.

Local businessmen said if Sanchez's statements were official policy, efforts to attract foreign investments would be stymied.

Heads of the American and Australian Chambers of Commerce have noted increasing radicalism in the labor sector.

It was revealed that a number of foreign businesses had pulled out of the country because of protracted strikes which hit some multinational corporations and led to massive losses.

Sanchez's statement against multinational corporations is sure to elicit adverse reactions from foreign businessmen doing business here. Local businessmen said foreigners were frightened by Sanchez's statements.

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CSO: 4200/926

COUNTRY MAINTAINS LOW INFLATION RATE FOR FIRST QUARTER OF 1986

HK150950 Manila MANILA BULLETIN in English 14 Apr 86 p 17

[Text] The country has maintained a low level of inflation during the past first quarter of this year despite reports that the government spent heavily in conducting the 7 February election.

The National Economic and Development Authority (NEDA) even expressed the belief that the alleged heavy spending during the election will not significantly be felt during the next quarter (April to June). It normally takes about 6 months from the spending period before the impact is felt.

NEDA, through the National Census and Statistics Office (NCSO), reported an average of 3.66 percent inflation rate for the first quarter of this year.

Inflation rates during the first quarter were characterized by a downward slope reaching 3.39 percent for March from 3.64 percent for February and 3.96 for January.

The general low level of inflation rate was attributed to the lowering of the price of petroleum products and transportation fares during the period in review.

The lowering of oil prices absorbed the anticipated increase in prices of commodities that may have resulted from the heavy spending during the campaign period and during election day, observers said.

Inflation rate is a general barometer of the changes in the prices of a basket of commodities in a given period.

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CSO: 4200/926

COUNTRY TO DRAW UP ECONOMIC RECOVERY PLAN

HK150253 Quezon City BUSINESS DAY in English 14 Apr 86 p 2

[Article by Daniel C. Yu]

[Text] The government is drawing up a 6-year economic recovery program which will lay down the general directions of the economic policies of the Aquino government as well as the specific programs to implement these policies, Trade and Industry Minister Jose S. Concepcion Jr told BUSINESS DAY.

He said concerned agencies of the government have begun drafting the program which is expected to be completed in 3 months. At the moment, the various agencies are in the process of determining objectives and programs to facilitate recovery, he added.

The recovery program will contain essentially a new agricultural and investment plan for the country with increased emphasis on job creation, one of the cornerstones of the Aquino government's economic program.

Various sectoral plans, which are being worked out with counterpart private sector groups, are being completed to be incorporated into the general economic recovery program, Concepcion said.

He said consultations with the private sector in drafting such a program are a very critical aspect of formulating new policies as the new government would like to get as much inputs from the private sector as possible.

In the area of investments, Concepcion said the government as a general policy would like to attract both local and foreign investments to revive the Philippine economy.

He said Filipinos based abroad should now begin to seriously consider investing in their own country. He said one of the more critical requirements of Philippine business today is working capital. Investments from Filipinos based abroad would thus go a long way in stimulating the domestic economy.

He said these investors could come in and participate as equity partners in numerous ventures already in existence. In particular, he said investments are being encouraged in small and medium enterprises.

In the area of trade, Concepcion said the government has already sounded off the country's major trade partners to the possibility of renegotiating existing trade agreements which will provide for more favorable terms for the Philippines.

He said he intends to ask the United States for example, when the country's bilateral trade with that country ends this year, to provide greater opportunities for increased access to the American market.

Considering the special relations between the United States and the Philippines and also because various U.S. military installations are in the country, Concepcion said the United States is morally responsible to extend more favorable terms to the Philippines.

He said if the revolution had not been won peacefully last February, it could have had a negative impact on the country's trade partners and even creditors as the country's capacity to repay its loans could have been placed in jeopardy.

By providing increased access for Philippine products to such countries like the United States, Japan, European Economic Community (EEC) members and Canada, the renegotiated agreements will go a long way in providing jobs for millions of Filipinos.

As far as domestic trade is concerned, he said the thrust of the new government is to, as much as possible, encourage the setting up of small and medium enterprises, particularly in the provinces.

He said there is a deliberate move to relocate sources of livelihood away from Manila to regional areas where ample skilled labor is present. He said the setting up of enterprises in the rural areas would have a direct effect in the government's attempt to uplift the living conditions of the Filipinos.

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CSO: 4200/926

## PHILIPPINES

### ECONOMIST PREDICTS 6-8 PERCENT GROWTH IN 1987

HK130050 Quezon City BUSINESS DAY in English 10 Apr 86 p 3

[Text] The Philippine economy is predicted to grow by 6 percent to 8 percent starting next year, Bernardo M. Villegas, chief economist at the private think-tank organization, Center for Research and Communication, said.

In a paper he presented to various groups in New Zealand, Singapore and Indonesia, Villegas also predicted that before the end of the decade, the Philippines "can rightly claim its place as one of the newly industrializing countries (NICS) of the Pacific Basin."

Villegas cited as positive factors the wealth of human resources available and wage rates which are only one-fourth to one-fifth the levels prevailing in Taiwan, South Korea and Singapore. This highly competitive workforce is expected to attract a lot of export-oriented industries such as semiconductor devices, garments, leather goods, houseware and giftware.

The Philippines also has vast agricultural resources for the production of a host of fresh and processed tropical food items such as prawns, shrimps, cocoa, rubber, palm oil, mangoes and other fruits that are in increasing demand in the more developed countries.

Villegas also said that with the effective dismantling of agricultural monopolies and the restoration of a free market in all sectors, the Philippines would be the first country to qualify for easier terms under the Baker plan.

(The Baker plan is a multi-million dollar debt assistance program for developing countries proposed by U.S. Treasury Secretary James Baker intended to bail out debt-ridden countries. In exchange, these countries will have to undertake major economic reforms to free their economies from monopolies.)

He said investment funds needed to foster growth are expected to come primarily from equity and not debts. He said there is evidence that a significant portion of the overseas savings of Filipino nationals can be attracted back to the Philippines. He cited wealthy members of the former opposition such as the Lopez and Osmena families who are now actively reinvesting in Philippine industries.

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PUBLIC WORKS MINISTRY SEEKS P29 BILLION FOR PROJECTS

HK161122 Manila THE MANILA EVENING POST in English 14 Apr 86 p 2

[Text] Over P29 billion will be sought by the Ministry of Public Works and Highways (MPWH) to carry out its 6-year infrastructure program outlined by Minister Rogaciano Mercado. It is higher than past budgets of the MPWH for the same time frame by almost 50 percent.

On a nearly basis, this means that the MPWH intends to spend at least P5 billion annually, very much higher than any yearly budget of the ministry previously.

The MPWH budget for fiscal year 1986, as appropriated by the Batasang Pambansa last year, is only P3.3 billion. As with the other features of the 1986 general appropriations, this amount was already deemed too excessive that it barely squeezed through the Batasang.

MPWH sources said today they were simply awed by the massive funding required by the ministry in the next 6 years, which is unprecedented. The proposed 6-year program of the MPWH covers the period 1987-1992.

For the program, the MPWH requires P22.4 billion to improve and rehabilitate existing feeder and secondary roads over 6 years. Supposed to be covered are 45,000 kilometers of barangay roads and 11,000 kilometers of provincial roads.

Another P900 million is sought for the construction and improvement of 170 fishing ports, while P4.1 billion will be spent to build flood control and drainage facilities.

The MPWH said the 6-year infrastructure program would also need P1.5 billion to build, rehabilitate, or improve 160,000 water wells and public standpipe systems to boost water supply in the rural areas.

All in all, the funding requirement of the MPWH in the course of the 6-year program totals P29.9 billion. This excludes another huge sum needed by the ministry to implement its school building project.

Starting next year, the MPWH plans to construct 5,200 classrooms, replace 1,100 old classrooms, rehabilitate 3,000 classrooms, and build 220 multi-purpose educational facilities every year up to 1992.

Of the total budget, the MPWH will ask for P12 billion in foreign loans. Observers said this might plunge the government deeper into the debt trap.

Mercado had earlier said 40 percent of the fund requirement for the rehabilitation and maintenance of provincial and barangay roads would have to come from foreign sources, while 55 percent of the money needed for the fishing ports project would be foreign loans.

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CSO: 4200/926

\$53 MILLION TRADE DEFICIT FOR FIRST 2 MONTHS OF 1986

HK151003 Manila MANILA BULLETIN in English 12 Apr 86 p 17

[Text] The country incurred a total trade deficit of \$53 million during the first 2 months of this year, an increase of more than 300 percent over the \$15 million gap recorded during the same period last year, latest statistics showed.

Statistics gathered from the National Census and Statistics Office (NCSO) showed that the country's trade performance with the rest of the world (imports and exports) during 2 months this year reached only \$1.4 billion, down by 6.8 percent from the level recorded during the same 2 months [last] year.

NCSO data showed that exports from January to February this year reached only \$677 million, 9.5 percent lower than the \$748 million recorded during the same period last year. However, imports during the first 2 months of this year dropped by 4.2 percent to \$730 million.

Merchandise exports to all countries during February this year reached \$363 million, an increase of \$49 million or 15.6 percent from January's \$314 million. The February 1986 export figure also represented a 3.7 percent increase when compared with the February 1985 level of \$350 million.

Likewise, imports in February this year went up by 4.7 percent of \$359 million [as published] in contrast to the February 1985 level [of] \$343 million. This was, however, lower by \$12 million or 3.2 percent, compared to January 1986 import level of \$371 million.

The increase in exports in February resulted in a marginal improvement in the monthly balance of trade of the country. February showed a \$4 million favorable balance of trade, the first so far this year.

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CSO: 4200/926

REPUDIATION OF 'QUESTIONABLE' FOREIGN DEBTS NOT RULED OUT

HK180519 Hong Kong AFP in English 0503 GMT 18 Apr 86

[Text] Manila, 18 Apr (AFP)--The government does not rule out repudiating questionable portions of the Philippines' foreign debt as a means to economic recovery, a minister said here Thursday. Economic Planning Minister Solita Monsod told a gathering of businessmen that the basic problem facing the ailing economy was "a debt burden too heavy to allow for reasonable recovery."

The Philippines has a foreign debt of \$25 billion, the highest in Southeast Asia. Negotiations are currently underway to restructure this debt, incurred during the 20-year regime of deposed President Ferdinand Marcos.

Mr Marcos was ousted in February by a civilian-backed military revolt that installed opposition leader Corazon Aquino as president.

Mrs Aquino has made the revival of the economy, which contracted by 5.5 percent in 1984 and from 3 to 5 percent in 1985, a top priority. She has accused Mr Marcos of incurring huge foreign debts to finance allegedly frivolous construction projects.

Mrs Monsod said that the government would renegotiate loans "if there is incontrovertible evidence of malfeasance on the part of the lender." She said the lenders should prove the legitimacy of their loans.

"If the debt was not legitimately incurred (by the Marcos government), then the burden must also be shared by the lender," she told the gathering.

The minister warned, however, that if the affected foreign creditors did not agree with this proposal, the government would consider repudiating the loans. "That is our last trump card," Mrs Monsod added.

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CSO: 4200/926

INDUSTRY MINISTER DISCUSSES TAXATION REVIEW

HK170641 Quezon City BUSINESS DAY in English 16 Apr 86 p 3

[Text] The government is undertaking a thorough review of the tax system in order to streamline the existing structure and remove "confiscatory tax rates."

Trade and Industry Minister Jose S. Concepcion Jr told members of the Chamber of Philippine Department Stores and Retailers the other night and the joint meeting of the Makati Rotary Clubs yesterday that the review will cover such areas as sales and income taxes.

Concepcion said that while the intention of the government is to reduce the tax burden, it is saddled with a major budget deficit which hit P9.5 billion in the first quarter and which is estimated to total P21 billion for the entire year.

He said government agencies do not even have enough revenues to pay for day-to-day operating expenses. He said, however, the Budget Ministry is doing its best to come up with funds in order not to demoralize government workers.

In the case of the sales tax, Concepcion said the government is studying the possibility of adopting the value added tax scheme to replace the existing controversial turnover tax system.

Other areas of taxation are also being reviewed. Concepcion emphasized that the guiding principle is that the tax system should not be oppressive and should not overburden business or the people.

Concepcion said many firms today are short of cash although they have the management expertise to operate their firms. He said that it is for this reason that the government is encouraging the entry of more investments into the country to help these firms.

He said the Board of Investments (BOI), which he heads, is now working on a national industrial plan and is drawing up the industrialization program for the country.

He said sectoral plans will be prepared covering a period of 6 to 10 years to determine the direction particular industry sectors should take.

Concepcion said that during this planning process, the government is encouraging the private sector to provide the necessary inputs for these programs.

He said a total of 37 task forces have been created by his ministry covering the whole of business and industry. Private sector representatives in these task forces are helping draw up industry plans, he said.

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CSO: 4200/926

# PHILIPPINES

## ECONOMIC INDICATOR ON EXTERNAL TRADE

HK170440 Quezon City BUSINESS DAY in English 16 Apr 86 p 2

["Economic Indicator" column: "PR Trade Deficit Narrows 29 Percent"]

[Text]

External Trade  
January to December, 1984 & 1985  
(FOB value in million U.S. \$)

| Period    | 1985    |         | 1984    |         | Balance of Trade |          |
|-----------|---------|---------|---------|---------|------------------|----------|
|           | Imports | Exports | Imports | Exports | 1985             | 1984     |
| January   | 419.40  | 397.79  | 584.00  | 359.10  | (21.61)          | (224.90) |
| February  | 342.82  | 350.29  | 425.50  | 432.90  | 7.47             | 7.40     |
| March     | 439.19  | 389.93  | 485.80  | 478.50  | (49.26)          | (7.30)   |
| April     | 534.12  | 386.75  | 443.50  | 411.80  | (147.37)         | (31.70)  |
| May       | 423.65  | 400.75  | 503.00  | 477.60  | (22.90)          | (25.40)  |
| June      | 441.32  | 398.82  | 472.70  | 439.60  | (42.50)          | (33.10)  |
| July      | 434.10  | 399.61  | 560.80  | 500.40  | (34.49)          | (150.40) |
| August    | 410.58  | 393.09  | 472.40  | 500.90  | (17.49)          | 28.50    |
| September | 484.14  | 383.79  | 571.50  | 438.70  | (100.35)         | (132.80) |
| October   | 370.95  | 375.53  | 532.00  | 454.50  | 4.58             | (77.50)  |
| November  | 422.87  | 375.39  | 487.50  | 416.80  | (47.48)          | (70.70)  |
| December  | 387.53  | 377.21  | 440.90  | 479.80  | (10.32)          | 38.90    |

Source: Central Bank

The country's external trade in 1985 registered a deficit of \$481.72 million as total imports exceeded total exports by 10.41 percent, latest data from the Central Bank showed. However, the deficit was 29.05 percent lower than the \$679-million shortfall incurred in 1984.

The lowering of the deficit was attributable mainly to the tight credit situation during the year brought about by economic uncertainties which forced a reduction in imports as well as to the government's program to purposely slow down importations.

A favorable balance of trade was reported during the months of February and October which showed trade surpluses of \$7.47 million and \$4.58 million, respectively. Exports for the months of February reached \$350.39 million against total imports of \$342.82 million while October's exports totaled \$375.53 million against total imports of \$370.95 million.

On the other hand, the biggest negative balance of trade--a \$147.37-million deficit--was registered in April as importations rose 38.10 percent to \$534.12 million compared to total exports of \$386.75 million. The April deficit was almost five times higher than the \$31.7-million shortfall in April 1984.

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CSO: 4200/926

EDITORIAL ENCOURAGES PRIVATIZATION OF BUSINESS

HK150954 Manila THE NEWS HERALD in English 13 Apr 86 p 4

[Editorial: "Privatization May Spur Economy"]

[Text] The government has been talking at length about getting out of business. Finance Minister Jaime Ongpin is reported itching for privatization, which means government divesting itself of corporations and business holdings, particularly those that compete with private enterprises.

All we can say is, the sooner it does, the better.

At last count about 300 corporations controlled or owned by government made it a too visible and formidable presence in a gamut of business and industrial activities--trading, banking, shipping, insurance, agribusiness, manufacturing, mining, transportation, hotels, meat processing, housing, construction, real estate, oil refining and marketing, mineral exploration, tanker operation, and so on. It is even in entertainment, but the private sector is not laughing at the bad joke that is government in business.

Private business can take comfort in the timetable for government divestment announced by Ongpin. By the second semester of this year, some P200 billion worth of non-performing assets of the government-owned Philippine National Bank and the Development Bank of the Philippines plus assets sequestered by the Presidential Commission on Good Government will be sold to private investors.

Up for privatization, too, are commercial banks owned by government financing institutions.

Hopefully, the coconut, sugar, flour and other monopolies shall have been abolished by the second half of this year. That the government is keen on privatization is underscored by the dismantling of the animal and meat importation monopoly that had stunted the growth of the livestock industry it was supposed to stimulate.

A free enterprise system thrives on as little as possible government interference. When government begins not only to regulate too much but also compete with the private sector, business development loses steam and the country ends up with a languid economy.

In this country, privatization has long been a crying need.

## BRIEFS

**MARCOS APPOINTEE RESIGNS**--The Commission on Elections [Comelec] announced that President Aquino has accepted the resignation of Commissioner Mangontawar Guro of Marawi City, still leaving the Comelec with five Marcos appointees, namely: Froilan Bacungan, Quirino Martinez, Mario Ortiz, Jaime Layosa and Ruben Agpalo. Mangontawar Guro's resignation would require his replacement by a commissioner from Mindanao, which sources said, has one of the highest numbers of flying voters and ghost barangays in the country. Meanwhile, acting Comelec Chief Ramon H. Felipe said election registrars throughout the country will prepare an updated masterlist of qualified voters in each town and city in order to facilitate the identification of precincts for balloting. It will be recalled that during the last elections, many voters had a difficult time finding the precincts in which to cast their ballots. [Text] [Dagupan City DZDL Radio in Tagalog 0445 GMT 16 Apr 86] /9604

**NEGOTIATOR TURNED DOWN**--The government has rejected a New People's Army negotiator to initiate formal ceasefire talks. Presidential spokesman Rene Saguisag said the would-be NPA negotiator was turned down because he did not appear to be from the communist-led group. The rejection came as the two sides were choosing members for a negotiating panel for the government's efforts to start formal talks. [Text] [Quezon City DZFM Radio in English 0200 GMT 17 Apr 86] /9604

**ROAD REPAIR PLANNED**--Public Works Minister Rogaciano Mercado underlined the government's 6-year development program. He said 161,000 kilometers of roads will be improved this year. The minister also said small contractors will be given the chance in the development of feeder roads. [Begin Mercado recording] I have sent memorandums to the different engineers, from the lowest to the highest, asking for priorities not in the big infrastructures but in the small ones, the farm-to-market roads. [End recording] [Text] [Manila Far East Broadcasting Company in English 2300 GMT 15 Apr 86] /9604

**MARCOS LOYALISTS ATTACK PHOTOGRAPHERS**--Two Filipino press photographers were mobbed and slightly injured yesterday while covering a rally staged by supporters of deposed President Marcos outside the U.S. Embassy in Manila. Luis Liwanang of AGENCE FRANCE PRESSE and freelancer Whilly Perez were roughed up by protesters when they photographed a man in a military

uniform atop a van flashing a v-sign with his finger. The newsmen suffered minor cuts and abrasions and lost camera equipment and films to their attackers. The Marcos loyalists have been increasingly hostile to newsmen as they attributed the downfall of Marcos to bad press publicity. [Text] [Quezon City DZFM Radio in English 0700 GMT 16 Apr 86] /9604

HUNT FOR WANTED M.P.--Defense Minister Juan Ponce Enrile has called on the public to help find fugitive former MP Arturo Pacificador of Antique. [Words indistinct] by a brother of the late Colonel (Reum) Sanchez, a victim of the Sibalom massacre on the status of the case. The defense minister said charges against Pacificador had been filed before Antique's regional trial court. The complaint before the court named Pacificador as the principal suspect and mastermind of several killings in that province. Enrile said the manhunt is not prejudging Pacificador but letting him come forward to answer charges against him in the proper halls of justice. [Text] [Quezon City DZFM Radio in English 0800 GMT 16 Apr 86] /9604

FOUR JUDGES NAMED--President Corazon Aquino has appointed four more associate justices to the Supreme Court. The high tribunal now has 10 members, including Chief Justice Claudio Teehankee. Appointed associate justices of the high tribunal are Amerfina Amelencio-Herrera, (Alampaez), (Cutierrez) and Isagani Cruz. Meanwhile, Presidential spokesman Rene Saguisag said President Aquino will reorganize the Sandiganbayan and the Commission on Elections. He said the reorganization of the two constitutional commissions is in keeping with the Aquino government commitment to establish a clean and honest government. [Text] [Quezon City DZFM Radio in English 0300 GMT 16 Apr 86] /9604

MILITARY REDISTRIBUTES EQUIPMENT--Forty-two armoured vehicles were distributed to various military units for deployment against the rebels. The armoured vehicles were kept and stored in Manila to guard former President Marcos. Brigadier General Eduardo Ermita, AFP [Armed Forces of the Philippines] deputy chief of staff, said the redistribution was part of the new policy of the military to furnish more logistics and equipment to combat areas. Ermita said new Navy and Air Force vessels and aircraft have been moved to strategic locations in the country to beef up the firepower of the military. Ermita also said several [words indistinct] have been converted into infantry battalion for deployment in strategic areas. [Text] [Quezon City DZFM Radio in English 0600 GMT 16 Apr 86] /9604

HUMAN RIGHTS CASES--The 1 May movement has asked the Aquino government for the reopening of human rights cases against military and police personnel and for the punishment of those who are proved to have violated human rights. The militant labor leaders expressed their support for the statement of Jose Diokno, chairman of the presidential committee on human rights, that no one should be spared from punishment, even if he is holding a position in the military. [Text] [Laoag City Nation Broadcasting Corporation Station DWRI in Ilocano 0400 GMT 15 Apr 86] /9604

**BUDGET FOR IRRIGATION SYSTEM**--The completion of the multi-million peso irrigation system in the 7.8 hectare (Salug) Valley in Zamboanga faces a delay due to a big cut in the budget. The P17 million budget for the project was slashed to a mere P2.8 million. [Words indistinct] Regional Manager Severino Labio said the (Salug) Valley irrigation system is 85 percent complete. The project, begun in 1979, covers some towns which include Molave, Mayag, Ramon Magsaysay, and Tambulig in Zamboanga del Sur, and Andres Bonifacio in Misamis Occidental. [Text] [Quezon City DZFM Radio in English 0600 GMT 17 Apr 86] /9604

**NEW APPOINTMENTS**--Quintin Doromal has just been named to the Presidential Commission on Good Government. Doromal replaces Pedro Yap, who is now a member of the Supreme Court. President Aquino yesterday also appointed former MP Virgilio Robles as the acting mayor of Caloocan City. Former MP Antonio Martinez was appointed deputy minister of health, while former Congressman Jose Yap was appointed MWSA [Metropolitan Waterworks and Sewerage Authority] manager. [Text] [Quezon City DZFM Radio in English 0000 GMT 18 Apr 86] /9604

**PROVOST MARSHAL APPOINTED**--Brigadier General Hermogenes Peralta, Jr was designated today as provost marshal of the new Armed Forces. With his new designation, Peralta is now relieved of his position as PC-CIS [Philippine Constabulary-Central Intelligence Service] commander. [Text] [Quezon City DZFM Radio in English 0800 GMT 16 Apr 86] /9604

**MONITOR OF OFFICERS IN CHARGE**--There are recent instructions issued to the regional offices to monitor the performance of all officers in charge [OIC's]. The instruction was issued by Local Government Minister Aquilino Pimentel, Jr. He also directed field personnel to extend support to OIC's in meeting the needs of the people. He said if the OIC's do not measure up to the standards of service expected by the people, they have no business staying in office. [Text] [Quezon City DZFM Radio in English 0300 GMT 17 Apr 86] /9604

**4-YEAR BATASAN TERM URGED**--Former Labor Minister Blas Ople said the session of National Assembly members yesterday afternoon is one way of protecting the power bestowed upon them by the people. Ople urged the members to fight for their 4-year term as decreed in the 1973 constitution. Ople, leader of the Nacionalista Party of the Philippines, also said he has the right to remain with the assembly. These statements were made during his visit to the Manila Coffee Shop. [Text] [Laoag City Nation Broadcasting Corporation Station DWRI in Ilocano 0400 GMT 15 Apr 86] /9604

**COMMITTEE TO MONITOR PRODUCTS**--Trade and Industry Minister Jose Concepcion, Jr has directed the creation of a joint government private sector committee. The committee will look into the possibility of adopting a duty-drawback system for products sold by local companies to U.S. bases in the country. The duty-drawback system will cover imported products or products locally produced [word indistinct] companies which are to be sold to American bases in the country. [Text] [Quezon City DZFM Radio in English 0300 GMT 17 Apr 86] /9604

'TENTATIVE AGREEMENT' WITH WORKERS--The U.S. Government reportedly reached a tentative agreement to settle the labor dispute with Filipino workers at the two American military bases in the country. Members of the Federation of Filipino Civilian Employees Association are scheduled to vote on the pact today and tomorrow, and [words indistinct] agreement would be signed on Monday. Union spokesman [name indistinct] said the 3-year pact would cover workers at the Subic Naval Base and Clark Airbase. He said, under the pact, workers would receive a rice subsidy of P300 every 3 months and the amount would be adjusted according to prevailing economic conditions. [Text] [Quezon City DZFM Radio in English 0100 GMT 18 Apr 86] /9604

FAILURE TO RELEASE DETAINEES--The Cebu provincial Sangguniang Panlalawigan [provincial board] is asking the military to explain why 17 political detainees recommended for release are still detained in PC [Philippine Constabulary] camps. The Sangguniang members asked PC-INP [Integrated National Police] Recon [Regional Command] 7 Commander Edgardo Abenin to attend the special session tomorrow to take up the detainees' case. Release of the detainees, two of whom were charged with murder and illegal possession of firearms, was recommended for release for the Task Force Detainees in Cebu [as heard]. [Text] [Quezon City DZFM Radio in English 0300 GMT 16 Apr 86] /9604

ARMY BATTLES NPA--Heavy fighting between the Army and communist rebels is taking place in Mindanao. The PHILIPPINE NEWS AGENCY said the number of casualties could not be determined because fighting is still going on in South Cotabata. The fighting started Tuesday. A government spokesman said that rebels have been contacted for ceasefire talks but the rebels have not yet responded. The gunbattle broke out when army rangers, backed by two helicopter gunships, clashed with about 400 communist New People's Army guerrillas in Malungon. Additional government troops have been sent to the area. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 17 Apr 86] /9604

GUERRILLAS BURN CAGAYAN HOSPITAL--Government troopers are tracking down some 100 communist guerrillas who burned at dawn yesterday a government hospital in Lasan Town, Cagayan. The rebels also looted the medical equipment of the Dona Josefa Marcos Hospital. Damage is placed at half a million pesos. A military report said the terrorists also took hostage of five policemen and militiamen. [Text] [Quezon City DZFM Radio in English 0400 GMT 17 Apr 86] /9604

ALARM OVER NPA ASSASSINATIONS--The military has expressed alarm over the spate of assassinations carried out by rebel liquidation squads during the past 4 days in Zamboanga del Sur and Surigao del Sur. Reports reaching Camp Aguinaldo said a constabulary trooper and his brother, two policemen and one army soldier were killed by liquidation squads of the New People's Army (NPA). Last Thursday, P/Sgt Fernando P. Ong, station commander of San Carlos, Tukuran, Zamboanga del Sur, and Pat Romeo Medina were shot dead by two NPA hit men. The report said the two policemen

were on board a police patrol jeep when they were killed. Their firearms and M-16 rifle and a revolver were taken by the killers. Both men were hit in the head. [Text] [Manila THE SUNDAY TIMES in English 13 Apr 86 p 1] /9604

KBL SPLINTER PARTY CONGRESS--The Partido Nacionalista ng Pilipinas [PNP--Nationalist Party of the Philippines] will hold a national party congress on 11 May to solve the proposed unification of several splintered groups of KBL origin. Twenty-four former members of parliament belonging to the PNP have voted to hold the national party congress during their meeting yesterday at Sulo Hotel in Quezon City. They formed a convention committee headed by former KBL member of parliament Teddy Natividad. The party congress, Natividad said, will adopt the national platform and party constitution, bylaws, and debate resolutions on fundamental issues facing the nation. [Text] [Quezon City DZFM Radio in English 0400 GMT 17 Apr 86] /9604

RESTRUCTURE OF \$400 MILLION DEBT--The Philippines and a group of international banks signed agreements to restructure about \$400 million of the country's debt. Finance Minister Jaime Ongpin said the agreements demonstrate that the new government of President Aquino would deal responsibly with the country's foreign debt. Minister Ongpin also said in a statement that the agreements show continued support and cooperation by commercial bank creditors for the Philippines' economic recovery program. [Text] [Quezon City DZFM Radio in English 0200 GMT 17 Apr 86] /9604

ABOLITION OF METRO MANILA COMMISSION--President Aquino is expected to abolish the Metro Manila Commission [MMC] next week. MMC officer in charge Jose Lina, Jr did not cite any reason for the scrapping of the MMC, but he said it will be replaced by a presidential council headed by him and 17 officers in charge of Metro Manila cities and municipalities. Lina said the council will be an interim body pending the conduct of a plebiscite within 3 or 4 months following the MMC's abolition. He added that the plebiscite will determine whether Metro Manila residents will opt for a commission type or council type of government. Meanwhile, the Aquino government is planning to hold local elections within the next 11 months. Spokesman Rene Saguisag said a November election is not possible but one early next year is more likely. He added it will depend on how fast the Constitutional Commission can accomplish its task. He said the names of thousands of nominees to the Constitutional Commission, which will draft a new constitution, has been submitted to Malacanang Palace. A screening committee headed by Justice Minister Neptali Gonzales is now studying their qualifications. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 17 Apr 86] /9604

CSO: 4200/926

## INTERNATIONAL RELATIONS, TRADE, AND AID

### SOVIET OFFICIAL REVIEWS ECONOMIC RELATIONS WITH VIETNAM

Hanoi NGOAI THUONG in Vietnamese No 7, Jul 85 pp 6-11

[Article by V.A. Ivaskin, Assistant Professor, M.A. in Economics, and Deputy Commercial Representative of the Soviet Union in Vietnam: "Soviet-Vietnamese Economic-Commercial Cooperation and Prospects for its Development"]

[Text] The great victory of the democratic forces led by the Soviet Union in World War II against the German fascists and Japanese militarists was an extremely important external political factor with regard to the liberation struggle of the Vietnamese people.

On 2 September 1945, as a result of the victory of the August Revolution in Vietnam there was formed the Democratic Republic of Vietnam, the first people's democratic state in Southeast Asia. That day became the National Day of the Vietnamese people.

But after forming their independent nation the Vietnamese people could not immediately begin to construct the bases of socialism because domestic and foreign political, military, economic, and social problems impeded that process. The August Revolution first of all fulfilled the mission of national liberation and could not immediately eliminate the feudal economic-social bases that had been created in Vietnam long ago.

On this occasion we must recall the words of the great V.I. Lenin at the Second Congress of the Communist International, which met between 19 July and 7 August 1920, in a report of the Committee on National and Colonial Problems (26 July). He said, "With regard to backward nations which are now on the path of liberation and after the war took a step forward but decided that the national economies of those nations had to pass through the phase of capitalist development, do we think that that is correct? We believe that it is incorrect." Then he said, "With the assistance of the proletarian class in the advanced nations the backward nations can advance to a Soviet regime, pass through certain developmental phases, and advance to socialism without having to pass through the phase of socialist development.(1)

Here it is also necessary to realize the concepts of a "Soviet regime" and the organ of Soviet authority do not mean an absolute changeover to the types of state organization and management of nations which have entered onto the path

of socialism, but are only goals which manifest the basic signs of the social organization of such countries.

A matter that affirmed the correctness of the above-mentioned viewpoints of V.I. Lenin was the historical experience of the Soviet Union after the great October socialist revolution, when the Soviet Union provided great military, political, and economic assistance for peoples in Central Asia, the Far East, northernmost Kazakhstan, and many other peoples who were then in a situation of backward feudalism or even pre-feudalism. Later those peoples formed autonomous republics and joined the Union of Soviet Socialist Republics.

Another example that affirmed the correctness of Lenin's doctrine on the period of transition in backward nations with many pre-capitalist economic components, through developmental phases advancing to socialism without passing through the capitalist phase. That was the experience of the Socialist Republic of Vietnam, the Mongolian People's Republic, and the Democratic People's Republic of Korea, which entered upon the path of socialism and began to build socialism under the conditions of economic development in the pre-capitalist period.

But in advancing toward that goal, those nations have followed many different, complicated paths which have at times been very difficult. We can remember clearly that 18 months after the formation of the Democratic Republic of Vietnam, the most tense and difficult period of the young nation--on 19 December 1946--the French colonialists started a dirty war of aggression against the DRV, and at the end of 1964 the U.S. imperialists openly committed aggression against the DRV.

Not until 1954, at the Geneva Conference, were the national rights of the DRV recognized internationally. Of course, the nation was still temporarily divided along a demarcation line along the 17th Parallel.

After North Vietnam was completely liberated, during the time when a delegation of the party and government of Vietnam headed by President Ho Chi Minh visited the Soviet Union--on 18 July 1955--there was signed with the Soviet Union an agreement to provide economic and technical assistance for the DRV.

With the framework of that assistance the Vietnamese people received assistance of all kinds from the Soviet Union. Therefore, within a short period of time they were able to overcome the serious aftereffects of the 9-year resistance war against the French colonialists and create the necessary material preconditions for developing production, especially in agriculture.

The development of commercial relations between the Soviet Union and Vietnam required an agreement on common trading conditions that was signed in April 1957 and was effective beginning on 1 January 1958.

On 12 March 1958 the two nations signed a commercial and navigation treaty, and on that basis signed the first long-range commercial agreement, which covered the 1961-1965 period.

Immediately before beginning the first 5-year plan (1961-1965), on 23 December 1960, the Soviet Union and Vietnam signed an agreement for the Soviet Union to provide economic and technical assistance for Vietnam in carrying out its economic development plan during the 1961-1965 period.

In accordance with that agreement, Vietnam received great assistance in many regards (financial, economic, and technical). Within the framework of that agreement, by the end of 1961, with the assistance of the Soviet Union, Vietnam had constructed 90 enterprises and projects in many sectors of the national economy of the DRV.

During the 1961-1964 period, thanks to the assistance of the Soviet Union many state farms of the DRV were improved and modernized, and received technical equipment. There was constructed a high-capacity system of pumping stations, which contributed to resolving the water conservancy problem on a considerable area in the lowland area of North Vietnam. Many enterprises of the agricultural products and food processing industry were also built during those years.

In industry, in addition to assistance to develop the energy production potential, by constructing the Thao Ba hydroelectricity project, the Uong Bi thermoelectricity project, and a large number of coal mining projects, the Soviet Union helped the DRV build up its machine-building sector. In addition to building, improving, and modernizing the Hanoi machine-building factory, a considerable number of machinery repair enterprises and many parts production enterprises were also built.

During the end of 1964, when the U.S. imperialists brazenly committed aggression against the DRV, Soviet-Vietnamese commercial relations entered a new phase of development.

Vietnam had to change over its entire economy from peacetime to wartime. During that period, because it was necessary to ensure that the Vietnamese people had a strong rear area in the struggle against U.S. aggression, the Soviet Union increased its economic assistance for the DRV. Clearly, during that period the Soviet Union considerably increased its exports to Vietnam and reduced its imports from Vietnam.

The Soviet Union exported to Vietnam the most essential goods--trucks, tractors, bulldozers, steamshovels, many other transportation facilities, petroleum products, ferrous and nonferrous metals, food, industrial goods, and many other goods.

In June 1969, at a conference of people's representatives in South Vietnam there was announced the formation of the Republic of South Vietnam and its provisional government. The Soviet Union provided material assistance to the provisional government of the Republic of South Vietnam. That assistance had a special assistance because the newly liberated areas in South Vietnam had for a long time been savagely bombed by the U.S. Air Force. The Soviet Union's assistance for the Republic of South Vietnam helped the people's revolutionary regime, to within the briefest possible time, stabilize economic life in the liberated areas.

During the 1973-1975 period, in accordance with the economic assistance agreement the Soviet Union sent to the Republic of South Vietnam a considerable quantity of petroleum products, ferrous metals, chemical fertilizer, foodstuffs, medicine, trucks, tractors, agricultural machinery, and many other goods.

Thanks to the great and unselfish assistance of the fraternal nations, especially the Soviet Union, the DRV and the revolutionary government won very great victories on the political, military, and diplomatic fronts at the end of 1973. On 27 January 1973 the Paris Agreement on ending the war and restoring peace in Vietnam was signed, and at the end of April 1975 the Saigon puppet government in South Vietnam completely collapsed.

Immediately after the U.S. imperialists were forced to sign the Paris Agreement to end the war and restore peace in Vietnam, the Soviet Union once again helped Vietnam heal the wounds of war and restore and develop its economy, while at the same time beginning or continuing to build or improve installations.

In July 1973, during the time when a delegation representing the Party and government of Vietnam was visiting the Soviet Union, the Central Committee of the CPSU and the government of the Soviet Union, on the basis of its unwavering international stand in supporting the fraternal Vietnamese people, profoundly understanding the difficulties Vietnam was facing, and on the basis of the needs of the DRV, approved a resolution which regarded the credits provided Vietnam by the Soviet Union during previous years for the purpose of economic development as aid that did not have to be repaid.

It also approved continued economic-technical assistance by the Soviet Union to restore and develop Vietnam's national economy.

After the complete liberation of the South and the unification of the nation in 1975, Vietnamese-Soviet relations entered an important new phase--the phase of all-round cooperation between the two countries.

In 1975 the governments of the Soviet Union and Vietnam signed a series of important documents intended to continue to strengthen all-round friendship and cooperative relations between the two countries and help the Vietnamese people in restoring their country after more than 30 years of devastation by war, restoring and developing their economy, develop science, technology, culture, and education, and raise the material living standards of the people.

On 30 October 1975 the Soviet Union and Vietnam signed a second long-range agreement on the exchange of goods and monetary payments during the 1976-980 period. As a result of the implementation of that agreement the index of goods exchanges between the Soviet Union and Vietnam increased 2.6 times over the 1971-1975 period.

On 18 December 1975 an agreement was signed by the terms of which the Soviet Union would help Vietnam build more than 40 energy industry, machine-building, and parts-production factories, etc.

On 21 November 1977 there was signed an inter-governmental agreement to continue to improve the technical maintenance of machinery, equipment, and parts sent from the Soviet Union to Vietnam. According to that agreement, there will be built in Vietnam 122 projects, including an automobile maintenance school, an installation to repair marine diesel engines, an installation to repair machine tools, three installations to maintain steam locomotives, two parts warehouses, and many technical maintenance stations for trucks, tractors, agricultural machinery, construction and road-building machinery, etc. The agreement, which will be in effect until December 1985, is being carried out effectively.

As of 1 July 1985 there had been brought into use 118 projects and in the remaining 4 projects equipment is being installed and they are being prepared so that they can be brought into operation. At present, the principal direction in continuing to improve technical maintenance is improving the operational effectiveness of the the projects that have been built.

In addition to the construction of a system of technical maintenance stations in Vietnam the Soviet Union will construct a multi-sector technical center to assist in the technical maintenance of Soviet machinery, equipment, and parts.

Within the framework of the grant aid agreement signed on 3 November 1978, the Soviet Union accepted responsibility for building in Vietnam many projects of important significance with regard to Vietnam's economy, including the Thang Long bridge across the Red River, the Hanoi railroad marshalling yard, the extension of the Hanoi-Hai Phong railroad line, etc.

Economic-commercial relations between the Soviet Union and Vietnam have developed well during the (1981-1985) period. Within the sphere of the agreement on economic cooperation the Soviet Union will help Vietnam design, reequip, or build 40 projects, including such important projects as the Tri An hydroelectricity plant, a system of electricity transmission lines from the Pha Lia thermoelectricity plant, the Na Duong, Mao Khe, Lang Cam, Nui Bao, and Nui Hong coal mines, coal grading plants, the Hanoi-Lao Cai railroad line, and many other projects. In accordance with the agreement on exchanging goods and making monetary payments during the 1981-1985 period, in comparison to the previous 5-year period the index of goods exchanged between the Soviet Union and Vietnam approximately doubled (in comparative prices). It must be realized that in 1982 the index of trade between the two countries for the first time surpassed 1 billion rubles. In 1984 the index of goods exchanged between the two countries increased by 10.9 percent over 1983, with export from the Soviet Union increasing 11.2 percent and imports from Vietnam increasing 9.8 percent.

In 1984, as in the past, the Soviet Union was Vietnam's principal trading partner and accounted for 63.3 percent of Vietnam's foreign trade, 48.5 percent of Vietnam's exports, and 68.5 percent of Vietnam's imports. Trade between Vietnam and the socialist countries accounted for 80.7 percent of Vietnam's foreign trade, 63.9 percent of its exports, and 86.4 percent of its imports.

Imports from the Soviet Union have a decisive significance on ensuring the ordinary operation of Vietnam's national economy. More than 75 percent of the imports from the Soviet Union (calculated according to value) are petroleum products, fertilizer, cotton, wood materials, and ferrous metals. Machinery and equipment account for 15.6 percent of the Soviet Union's exports to Vietnam.

In 1984 the Soviet Union exported to Vietnam, 1.919 million tons of petroleum products of all kinds, 636,200 tons of nitrogen fertilizer, 208,000 tons of ferrous metals, 45,200 tons of cotton, and 40,000 tons of lumber. Exports from the Soviet Union in 1984 accounted for 100 percent of Vietnam's imports of petroleum products and cotton fiber, 68.7 percent of its nitrogen fertilizer imports, 81.2 percent of its ferrous metal imports, and 90.9 percent of its truck imports.

Vietnam exports to the Soviet Union such goods as rubber, tin, tea, tobacco, salt, jute, wooden flooring, plywood, coffee, spices, machinery, ready-made clothing, vegetables and fruits, rugs, medicine, etc. Vietnam also repairs merchant ships of the Soviet Union.

In January 1985 the Soviet Union and Vietnam signed an inter-governmental agreement to carry out a broad program in the sphere of producing vegetables and fruits in Vietnam to export to the Soviet Union during the 1986-1990 period. The first phase of cooperation in that sphere was outlined in the agreement signed 6 December 1983. Thanks to the results attained in implementing that agreement, in 1984 Vietnam exported to the Soviet Union 70,400 tons of fresh and processed vegetables and fruits.

In accordance with the agreement signed in January 1985, a decision was made to construct in Vietnam, with the assistance of Soviet technicians, agricultural-industrial combines to grow vegetables and fruits, build, improve, and reequip a large number of canning and drying enterprises, construct refrigerated and ventilated warehouses, and construct enterprises to produce packaging (18 projects in all).

The implementation of that program will contribute notably to developing the production of vegetables and fruits in Vietnam, and will contribute to notably increasing the volume of vegetables and fruits exported to the Soviet Union, especially in the Soviet Far East area.

The long-range programs of cooperation to increase the production of rubber, vegetables, and fruits will permit the creation of export potential in Vietnam and will thus create conditions for rapidly increasing the export of such goods not only to the Soviet Union but also to other countries.

In addition to increasing its ability to export traditional goods, Vietnam can expand its list of exports. In 1984, for the first time Vietnam exported to the Soviet Union such products as peanuts, soybeans, and a number of coal industrial products (scissors and hand tools).

Commercial relations between Vietnam and the Soviet Union include many rich forms. The production of goods for export to the Soviet Union on the basis of the contracted production of goods with raw materials (cotton and wool) supplied by the Soviet Union plays an important role. That form has helped Vietnam fully utilize its existing capacity and increase employment. The production of embroidery products and rugs for export to the Soviet Union has alone provided jobs for more than 100,000 workers.

The actual situation of economic-commercial cooperation between the Soviet Union and Vietnam has proved the superiority of such cooperation: the vast, large-volume, and stable market of the Soviet Union for Vietnam's exports has created the capability to expand commercial relations and strengthen economic-commercial relations between Vietnam and the Soviet Union, to increase labor productivity and, on that basis, to develop the national economy and stabilize and improve the material living conditions of the people of Vietnam.

When speaking of economic cooperation, it is also necessary to realize that in recent years, with the assistance of the Soviet Union Vietnam has created considerable production capacity. With the economic and technical assistance of the Soviet Union, more than 200 production installations are in operation in Vietnam, including such projects as the Thac Ba hydroelectricity plant, the Uong Bi thermoelectric plant, the Hanoi machine-building factory, the Lam Thao superphosphate plant, coal projects, the Bin Son cement mill which, with the completion of the second phase (a capacity of 1.6 million tons) will have a total capacity of 1.2 million tons a year, Hanoi University, the port of Hai Phong, the Moc Chau tea factory (which processes 42,000 tons of green tea), the space-earth communications station, a large number of food processing enterprises, many state farms producing vegetable fruits, rubber, and other industrial crops, many cultural installations, a vocational school for technical workers, a public health school, etc. Those projects are contributing considerably to meeting the needs of Vietnam's national economy for many types of products, such as electricity, coal, tin, sulfuric acid, cement, apatite, superphosphate, milling machines, etc.

During the 1981-1985 period the volume of technical assistance provided by the Soviet Union for Vietnam more than doubled. With that assistance there are being constructed or improved projects which are important for Vietnam's economy, such as the Hoa Binh hydroelectricity project on the Da River, which has a capacity of 1.92 million KW; the Pha Lai thermoelectricity plant, of which two turbines with capacities of 110,000 KW each are in operation; and the Tri An hydroelectricity plant in the south, which has a capacity of 400,000 KW the expansion of the Lao Cai apatite, including the construction of an ore-enrichment enterprise; coal mines and seams; the Go Dam diesel engine production factory; a machinery repair shop and a truck repair shop at Cam Pha; the Thang Long bridge across the Red River at Hanoi, which has been brought into use; a housing construction combine; and a number of other projects.

A new direction, and an important phase in Soviet-Vietnamese cooperation, is the formation of a jointly operated enterprise to explore for and produce oil and gas under the continental shelf in South Vietnam. That has a strategic

significance with regard to Vietnam's economic development and foreign exchange earnings.

Assistance of by the Soviet Union for Vietnam is intended to develop the key sectors of its national economy, such as petroleum, coal, construction, communications and transportation, agriculture, etc. Of course, that requires a great deal of capital and a long period of time. But only on the basis of building energy and industrial projects is it possible to ensure the nation's independent and autonomous development. In the final analysis, that will ensure the basic and stable resolution of the problem of improving the living standards of the working people.

A new manifestation of the strengthening of economic-commercial and other relations between the two countries is the long-range program of economic and scientific-technical cooperation between the Soviet Union and Vietnam which was signed in Hanoi on 31 October 1983. That program will be carried out during the 1986-1990 period and the following 5-year periods. The program determined the priority sectors for cooperation. First of all, all efforts must be concentrated in the spheres of agriculture, fuel, energy, metallurgy, machine-building, chemicals and petroleum processing, communications and transportation, and geological exploration. For example, in agriculture cooperation will be expanded in growing and processing vegetables and fruits, tobacco, coffee, tea, etc., as well as in growing and processing natural rubber.

In the nonferrous metallurgy sector priority will be given to developing the tin mining sector.

In transportation and communications, there will be continued improvement of the Hanoi-Hai Phong and Hanoi-Lao Cai railroad lines, the Hanoi railroad marshalling yards, and the Hanoi-Ho Chi Minh City multi-channel communications line.

In the sphere of geological exploration, priority will be given to cooperation in exploring for oil and gas, tin, apatite, iron ore, and other minerals.

In the fuel-energy sectors, in addition to completing the tasks that were begun in the projects of the sectors, and constructing the coal mines and seams and the energy projects in accordance with that sectors over-all development plan, studies will be carried out regarding effective utilization in each phase of the Song Da hydroelectricity project.

The great significance of the victorious implementation of the intergovernmental agreements, treaties, and economic cooperation programs in general and between the Soviet Union and Vietnam specifically is the coordination of national economic plan in order to concentrate on fulfilling the priority missions, and is a principal tool for coordinating economic policies in spheres relevant to mutual cooperation.

On the basis of cooperation with the Soviet Union and the other countries in the socialist community, the Socialist Republic of Vietnam can resist pressure from the imperialist and hegemonistic powers, while at the same time

overcoming difficulties, restoring the national economy, which was severely damaged in the prolonged war, and begin to construct the material-technical bases of socialism.

The main principles of cooperation between the Soviet Union and Vietnam are socialist internationalism, respect for national sovereignty, independence, and national interests, no intervention in internal affairs, complete equality, mutual benefit, and mutual assistance in a spirit of comradeship.

Cooperation with the Soviet Union and the member nations of the Council for Mutual Economic Assistance is intended to raise the level of economic development, strengthen and continually develop the national economy, and on that basis improve the living standards of the workers of the Socialist Republic of Vietnam.

The declaration on the basic directions for continuing to develop and strengthen economic and scientific-technical cooperation among the member nations of the Council for Mutual Economic Assistance approved by the High-Ranking Economic conference of the CEMA nations, which met between 12 and 14 June 1984, pointed out that the member nations of CEMA are fully capable of advancing cooperation with one another to a new face. One of the most important missions of those nations in the sphere of mutual economic assistance in this phase is to accelerate the process of gradually increasing the uniformity of the levels of economic development of the CEMA countries, and especially raising the levels economic development of the Socialist Republic of Vietnam, the Republic of Cuba, and the Mongolian People's Republic to that of the CEMA nations in Europe. The member nations of CEMA regard their international duty as being to continue to, on the basis of the equality that has been achieved, help Vietnam, Cuba, and Mongolia accelerate their development and increase the effectiveness of the national economies of those countries and help those three nations participate widely in the socialist international division of labor.

#### FOOTNOTES

1. V.I. Lenin, "Collected Works," Vol. 41, Vietnamese language version, p.295, Progress Publishing House, Moscow, 1977.

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## INTERNATIONAL RELATIONS, TRADE, AND AID

### SRV TRADE MINISTER REVIEWS SOVIET-VIETNAM COOPERATION

Hanoi NGOAI THUONG in Vietnamese No 7, Jul 85 pp 3-5

[Excerpts From Speech by Le Khac, a member of the Party Central Committee and Minister of Foreign Trade, at a ceremony commemorating the 30th anniversary of the signing of the Vietnam-Soviet Union Economic-Technical Agreement (18 July 1955-18 July 1985): "Cooperative Economic-Commercial Relations Between Vietnam and the Soviet Union Continually Develop Well")]

[Text] From the very beginning, after the protracted war against the French colonialists ended and half of the nation had been liberated, our people received great and prompt assistance from the Soviet Union and rapidly overcame the aftereffects of the war, restored the economy, improved or built 90 enterprises in many economic sectors, and created the initial bases of socialist production.

The all-round, unselfish assistance--full of noble internationalism--provided by the Soviet Union for the Vietnamese people in the great undertaking of resisting the United States for national salvation contributed importantly to consolidating and strengthening Vietnam's economic and national defense potential so that it could overcome the extremely fierce challenges of the war, defeat the enemy, and completely liberate the nation.

The period since 1976 has been one of new development in the cooperative relationship between the two nations under the conditions of Vietnam having won complete independence and the nation having been unified and entering the period of socialist construction on a national scale.

The signing of the Vietnam-Soviet Treaty of Friendship and Cooperation on 11 March 1978 signified a new, extremely important development of a strategic significance between the two nations and brought about for the Vietnamese people a new, extremely great strength for developing the Fatherland. On the basis of the long-range 10-year economic agreement signed on 3 November 1978 the Soviet Union helped us expand all-round cooperation between the two countries. Immediately after the Beijing expansionists started a war of aggression against our country the Soviet Union helped us stabilize the lives of the people, restore the devastated economic, cultural, and educational installations, and continue the construction of installations left uncompleted

by China, such as the Thang Long Bridge across the Red River, the Hanoi marshalling yard, and the Hanoi-Hai Phong railroad line.

At present, because of cooperation with the Soviet Union and valuable assistance from the Soviet Union, in Vietnam hundreds of important installations of our national economy have been restored, improved, or built, new industrial zones are taking form, and the material-technical bases of socialism are being built on an increasingly larger scale.

During the present 1981-1985 period the volume of economic cooperation between Vietnam and the Soviet Union has doubled in comparison to the previous 5-year plan. The Soviet Union is helping us build and improve many key projects of the key sectors of Vietnam's national economy, such as the Hoa Binh hydroelectricity project, with a capacity of nearly 2 million KW, a project of international stature and the largest in Southeast Asia, the first turbine of which will begin operation in 1987; the Pha Lai thermoelectricity plant, with a capacity of 440,000 KW, two turbines of which are in operation and the third turbine of which will be operational by the end of this year; the Tri An hydroelectricity plant, which has a capacity of 420,000 KW, which is larger than those of all existing installations in South Vietnam and is also being urgently constructed; and the Quang Ninh coal mines, with a total capacity of more than 10 million tons a year. Placing those projects into operation will bring about basic qualitative changes in Vietnam's energy-fuel balance.

In addition, there are such important projects as the Thang Long bridge, the expansion of the Lao Cai apatite mine, the Go Dam diesel engine production factory, and many other projects.

The formation of a jointly operated enterprise to explore for and exploit oil and gas under the continental shelf in South Vietnam was a new, promising feature of Vietnamese-Soviet cooperation which has a strategic significance with regard to Vietnam's economic development. The results of the exploration activities in our territorial waters in the south allow us to have confidence in the good prospects for that cooperation.

One of the outstanding features of the economic-commercial relations between Vietnam and the Soviet Union during the past 30 years has been the fact that the exchange of goods between the two countries has steadily expanded and stably increased.

The index of two-way exchange of goods, which was only 16 million rubles in 1958, increased to more than 1 billion rubles in 1985.

At present the trade index with the Soviet Union is nearly 60 percent of Vietnam's total foreign trade and 80 percent of its trade with the member countries of the Council for Mutual Economic Assistance.

With regard to Vietnam, the Soviet Union is always a strategic friend and a principal, vast, certain, and steadily expanding market. The Soviet market meets most of Vietnam's import needs for the most essential raw materials and materials. The raw materials, fuel, equipment, and other goods provided by

the Soviet Union have contributed very importantly to overcoming the imbalances in the national economy, ensuring the stable activity of the economic sectors, increasing production and export capabilities, and gradually improving the people's living conditions.

For its part, despite production conditions which are still beset with many difficulties Vietnam always makes all-out efforts to reserve for the Soviet Union the foremost position with regard to exports, especially valuable products. However, the ratio of such products is still small in comparison to the very great needs of the Soviet Union.

The Soviet Union is also the principal market for Vietnam's light industry and artistic handicrafts products, which creates conditions for us to maintain and develop those traditional production sectors and contributes to ensuring the living standards of tens of thousands of workers in urban and rural areas.

The actual situation during the past 30 years has been sufficient to prove that the close and continually expanding economic-commercial relations with the Soviet Union have created solid conditions for us to promote production, develop our economy, and improve the people's living conditions.

The all-round cooperation between Vietnam and the Soviet Union is developing with very good prospects. That is manifested in the long-range program to develop economic and scientific-technical cooperation between Vietnam and the Soviet Union. That cooperation encompasses many sectors, among which priority is given to such principal sectors as agriculture, fuel, energy, metallurgy, machine building, chemicals, transportation, geological exploration, etc. in order to fulfill the missions regarding the building of the material-technical bases of socialism set forth by the fourth and fifth party congresses, to enable Vietnam to become a country with developed industry and agriculture and advanced science and technology, and in which the lives of the people are continually improved. The implementation of that program will create conditions for Vietnam to participate more and more extensively and effectively to the international division of labor and to the process of socialist economic-alliances.

One of the outstanding features of the program is stepping up cooperation in order to increase Vietnam's export potential and promote the production of export goods in Vietnam, with consideration for the needs of the national economy of the Soviet Union, and with the goal of creating the necessary conditions to carry out that cooperation on an equal basis.

Along those lines, the two parties have begun to implement a number of long-range cooperative programs with such goals as growing and processing rubber, growing coffee, and producing and processing vegetables and fruits. A large number of cooperative programs to cooperate in the production of other tropical agricultural products and such consumer goods as shoes and sandals, rubber items, ready-made clothing, tools, etc., are being carried out. Thus in the coming period, on the basis of long-range cooperative programs with objectives and assistance with regard to capital, materials, and technical facilities, Vietnam is capable of rapidly increasing the volume of its exports to the Soviet Union, especially agricultural products, forestry products,

fresh and processed vegetables and fruits, animal husbandry products, and consumer goods. With the maturization of the machine-building sector, which the Soviet Union has helped us build, Vietnam is capable of accepting orders for machinery built with raw materials supplied by the Soviet Union. That will be of great significance in gradually improving the structure of Vietnam's imports.

Stepping up cooperation between Vietnam and the eastern Siberia and Soviet Far East regions is an important direction to which the general secretaries of the communist parties of Vietnam and the Soviet Union have paid attention. The good implementation of that cooperation will allow of its exports to the Soviet Union, while also increasing capabilities to import industrial products from the Soviet Far East. Furthermore, Vietnam can participate with the sectors and localities of the Soviet Union in carrying out programs to increase the economic effectiveness of that region.

Fully understanding that all-round cooperation with the Soviet Union is a factor in ensuring the victory of the enterprise of building and defending the Fatherland, the people of Vietnam will go all-out to keep the commitments they have made in all spheres of cooperation, to maintain and bolster the great friendship between Vietnam and the Soviet Union so that it can always be durable and fresh, and will always remember and be determined to realize the affirmation of General Secretary Le Duan: "Close ties and all-round cooperation with the Soviet Union are a principle and a strategy, and are at the same time a matter of revolutionary sentiment. Our Party is responsible for educating the young generations so that they can fully grasp that principle, fully understand that strategy, and transform them into a strong motive force for advancing our revolution to complete victory.

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